

Communists take four Cabinet posts in France

From Charles Hargrove and Ian Murray, Paris, June 23

After 34 years the Communists are back in government in France. Four members of the party were this evening given Cabinet posts, after their Central Committee agreed to a pact, largely aligning the communist position with that of the socialists.

This made it possible for the Communist Number Two, M. Charles Fiterman, to be appointed not only as Minister of Transport but as the third most senior of the five ministers of state. His job, like that of his three party colleagues, is not one which is in a politically sensitive area.

The other communists brought into the Government are: M. Anicet Le Pors as minister in charge of public service and administrative reforms; M. Jack Ralite, as Minister of Health; and Marcel Rigout, Minister for Professional Training.

The other two changes from the first Socialist government bring in Maitre Robert Badinter, a long-time campaigner against the death penalty, as Minister of Justice; and M. Pierre Dreyfus, once head of Renault, as Minister for Industry.

While six new members join the Government, five have been dropped from the team picked a month ago. This brings the total Cabinet group up to 44.

M. Maurice Faure loses the Justice Ministry, in which he was obviously not prepared to take as radical a line as the Government would have wished. M. Pierre Joxe, well known for his more extreme-left views, gives up Industry to challenge for chairmanship of the Socialist group in the National Assembly. He leaves this economically sensitive ministry to the reassuring and experienced M. Dreyfus.

The rest of the reshuffle is minor, with M. Pierre Mauroy, the Prime Minister, staying broadly faithful to his original choice.

The only precedent for the participation of communist ministers in government in this country goes back to the five immediate postwar governments of the Fourth Republic between 1944 and 1947.

Some members of the Communist Central Committee, which met this morning to ratify the agreement, appear to have been extremely critical of the wholesale surrender to the socialists by M. Georges Marchais, the secretary general, and his delegation sitting in the Elysée Palace, and the socialists would not be riding high in Parliament.

Strong objections were also raised against the token participation of the communists in the new Government. They had hoped for more, though in no position to demand anything after the overwhelming socialist victory at the polls last Sunday.

However, they can justifiably claim that without the four and a half million communist votes on May 10, M. Mitterrand would not have been elected in the Elysée Palace, and the socialists would not be riding high in Parliament.

After nine hours of deliberation, the Central Committee finally ratified this evening the agreement reached with the socialists. This cleared a significant hurdle.

The future of France under socialism, and full poll results, page 6; Jacques Delors interview, page 19

South Africans call off football tour by Britons

The South African Football Federation has cancelled a tour by British players, which would have included exhibition games and coaching. The players had been warned by the English FA not to play in any manner which would bring the sport of football into disrepute.

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Gallantry and service, Labour's only awards

By George Clark
Political Correspondent

Labour's policy for scrapping the present honours system is due to come up for approval at the party national executive committee today.

The confidential draft of the policy statement indicates that the present wide variety of awards to the services, to nurses, firemen, public servants and the general public, would be replaced by two forms of award: one for gallantry, with no distinction made between officers and other ranks, and the other for conspicuous service to the community.

There would be no more peerages, baronies or knight-hoods awarded in the United Kingdom, though the present regular honours list promulgated on New Year's Day and on the Queen's official birthday would continue to be issued for the award of honours in Commonwealth countries.

"This would be a matter for the countries concerned and the system might continue for some time, even though abolished in the United Kingdom," the document states.

The policy, approved by the home policy committee, of which Mr Wedgwood Benn is chairman, would seem to spell the end of the Order of Merit and the Order of Companions of Honour, though this is not stated explicitly. The Order of Merit is awarded on the personal decision of the Sovereign, and the party is obviously trying to avoid a constitutional clash which would give it a reputation for arbitrariness.

It points to the "two possible difficulties": first, over the Commonwealth awards and secondly "the position of Royal Dukes and of other honours, such as the Knight of the Garter and Thistle, which are made personally by the Sovereign".

Merit awards for long service

The document says: "We should need to consider whether we would seek to abolish these, which are possible constitutional difficulties, or might entail, or whether it would be acceptable to allow these limited number of honours, in which the government is not directly involved, to continue alongside a new system."

There is no pledge that a Labour government would continue to make the financial contributions which go with some honours, such as the tax-free annuity of £400 payable to the holders of the Victoria Cross and the George Cross.

Some would argue that a Labour government should not have any honours system at all since it inevitably entails to some degree the exercise of patronage. On the other hand, most countries have it and the Labour Party itself makes merit awards for long service.

"It may be that there should continue to be some means of recognizing acts of service to the community. That would not necessarily mean supporting the continuance of the system in its present form."

"A particularly unattractive feature of the present system is the way in which it tends to reinforce class divisions. It cannot be acceptable that awards for gallantry should be divided according to the rank of the individual concerned."

"Neither is it likely that we would accept that honours should be awarded to civil servants and others merely on the basis of length of service or obtaining a certain seniority."

"If we are to continue with honours, they should be awarded only in recognition of outstanding acts or record of service, and without any distinction on the basis of class or rank."

No titles go with new honours

"It is suggested that we could retain a limited number of awards for gallantry on that basis (or possibly institute a single new award), together with some form of Order of Merit to recognize other acts of service to the community."

No titles would go with these new awards, which would replace all the various classes of honours outlined earlier. Thus the existing system of honours would gradually be phased out on the death of the existing holders.

"The document adds: 'Once the House of Lords is abolished, presumably no more peerages would be created, and the existing members of the House would lose their political power. In the case of Life Peers, the title ceased with the death of the holder. However, hereditary peers passed on to their holders' successors. It might be argued that their continuance would perpetuate class divisions in which case it would be necessary to consider legislation.'

"However, it is our view that, given the abolition of peers' formal political powers, the continued use of the title would be irrelevant, and that it would be a matter for the individual concerned, what he wished to call himself."



On his best behaviour: McEnroe practising playing umpire.

The charm and temper of McEnroe

Fine of £750 for outburst against Wimbledon umpire

Rex Bellamy gives his verdict.

John McEnroe, who made a fool of himself and insulted others during a match with Tom Gullikson at Wimbledon on Monday, has been fined the maximum, under present rules, of £1,500 (about £750). This is the first time a player has been fined at Wimbledon.

The management committee have warned McEnroe that any further misconduct will be interpreted as "aggravated behaviour" under the major offences section of the code of conduct. Under that rule a player is liable for an additional maximum fine of \$10,000 and/or suspension.

One of many long-suffering umpires suggested yesterday, with trenchant wit, that under the existing grand prix rules a player is liable for as long as they played their cards right. "What other sport do you get all those chances?"

He was referring to the two categories of offences under which players can incur penalties. One category concerns time violations, and the other concerns conduct.

This system of penalties was devised by the Association of Tennis Professionals and is now the official code of the Men's International Professional Tennis Council. The players mostly want to see it applied to the letter and many consider that warnings are unnecessary because players should know the rules and incur instantly penalized for breaking them.

In each category there is a cumulative scale of penalties: first a warning, then a point, then another point, next a game, and finally disqualification. This means that either by accident or design a player could incur eight official rebukes, four in each category, before being "sent off".

The McEnroe case is particularly interesting and unfortunate because he is a frank, intelligent man who can be both witty and charming. All the good is undone, though, by the boorish on-court outbursts that he seems unable to restrain.

One official suggested yesterday that sooner or later somebody would "come down heavy on him and do what his parents should have done in the past 20 years". But this was unduly harsh on the parents because at the age of 22 McEnroe should be man enough to exercise self-control without need of discipline from his parents or anyone else.

His age and presumed maturity raise the worrying long-term prospect that McEnroe may have a chronic psychological problem. He openly confesses that his conduct is reprehensible, "whatever the provocation, yet insists that for all his good intentions the tantrums keep on happening. It seems that something within him simply cannot control his decisions. He believes to be wrong."

That is human and reasonable. What is unreasonable and unacceptable is the outrageously bad manners with which McEnroe reacts to the injustices—real or imagined—that every player must often endure.

One theory expressed yesterday, to the effect that his outbursts were often provoked by boredom, sounds—nonsense. McEnroe is not a man to be bored and the heat of battle. He simply has a personal problem, an emotional problem, around him and it makes McEnroe himself look like a spoilt child—immature with age", as Sir Harold Wilson once put it in another context.

The umpires and line judges serving in the front line under fire from the indignities are mostly taking time off from work and are out of uniform through officiating at Wimbledon.

McEnroe ran into further trouble yesterday when he was stopped for speeding in Church Road, Wimbledon, while driving his own car to the championships. The police will decide later whether to issue a summons.

School-leavers push dole total to 2,680,977

By David Blake, Economics Editor

A new influx of school-leavers on to the jobs market this month pushed up unemployment in the United Kingdom by 125,572 to 2,680,977 (11.1 per cent of the workforce). The figure is certain to rise sharply next month when another batch of school-leavers joins the dole queue.

But the underlying increase in unemployment was running at one extra person every 30 seconds at the turn of the year—now slowing down.

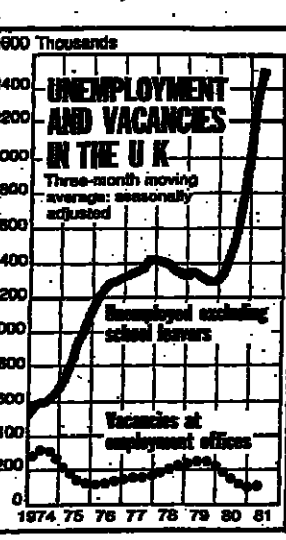
The seasonally adjusted total for adults went up by only 38,000 to 2,555 million (10.6 per cent of the workforce). The underlying rate of increase is only about half what it was in January, though there is no sign that the figures will stop rising until well into 1982 at the earliest.

Mr James Prior, the Employment Secretary, conceded in a radio interview yesterday that it was possible unemployment would top three million this winter. Most economists think it is certain to do so if school-leavers are counted in the total.

But Mrs Margaret Thatcher refused to confirm Mr Prior's estimate when she was questioned in the Commons yesterday. There will be a confrontation today between her and Mr Michael Foot during a debate on unemployment.

Yesterday's figures produced the traditional response from unions, ministers, and Opposition MPs. Mr Len Murray, of the TUC, said that government economic policy was in ruins. Mr Varley, Shadow Employment Minister, described the figures as horrendous and shameful.

The new statistics once again set new records for unemployment in the postwar period. In the last year the total registered stops the unemployment rate for them being recorded as much higher than the 7 per cent actually noted.



There are now more than 2.1 million people who have been without a job for four weeks or more, making them what is usually described as long-term unemployed. Young people feature prominently in the nation's dole queues, with 217,000 school-leavers on the register.

Things would be worse but for a range of schemes, including a special scheme for young people. The net effect of all these measures is to reduce the total of registered unemployed by about 305,000, the Government estimates.

Even after allowing for these there are about ten unemployed people for every vacant job. The number of recorded vacancies fell again last month, after allowance for seasonal factors, to just over 85,000.

The worst-hit region is Northern Ireland, where overall unemployment is 17 per cent. Some of the depressed regions have unemployment rates well into double figures, with 13.8 per cent unemployed in the north of England, 13.4 per cent in Wales, and 12.6 per cent in Scotland.

The worst deterioration in the past year has been in the West Midlands, particularly badly hit by the loss of jobs in manufacturing. Unemployment there is 12.6 per cent, with 15 per cent of all men out of work.

A new Mainpost superstore opened in Chesterfield yesterday. About 2,500 people applied for jobs at the £2m store. Only 140 were lucky.

Tables, page 21

Closed shop legislation on the cards

By Philip Webster
Political Staff

Legislation to curb the closed shop now looks certain to be included in the Government's programme for the next session of Parliament.

Quoted by Mr Alan Clark, Conservative MP for Plymouth, Sutton, in the Commons yesterday, the Prime Minister went further than she has done before and all but promised a Bill.

Mrs Margaret Thatcher said: "Legislation next session which will include something on the closed shop is well on the cards."

On Sunday the Confederation of British Industry added its voice to the growing clamour for action from Conservative backbenchers, more than 160 of whom signed a Commons motion proposing early legislation.

Mrs Thatcher has always promised to bring in legislation on the issue but Mr James Prior, Secretary of State for Employment, who when he met a deputation of Tory MPs earlier this month would give no guarantees of a Bill.

The closing date for consultation on the subject was the end of the month.

Nevertheless, Mr Prior's associates say that he now recognizes that further legislation may be inevitable.

No firm decisions are likely until the Queen's Speech is drawn up in the autumn.

Walker and Prior feel they are winning

With Mr Peter Walker, Minister of Agriculture, unrepentant about his New York speech arguing against a rigid monetary strategy, Mr James Prior, Secretary of State for Employment, yesterday allied himself with Mr Walker's remarks. (Our Political Staff write).

Signs are emerging that Mr Walker and Mr Prior, two of the Cabinet's "wet" ministers, believe they are beginning to win by default their case for a more pragmatic approach to economic policy.

In interviews both ministers cited the recent slices of government support for the British Steel Corporation, British Leyland, and the coal industry as examples of the Government not being doctrinaire in its approach.

Mr Walker, interviewed on The World at One on BBC Radio, said no reason to apologize for anything he said the night before in New York when he urged a new economic approach free from the doctrines of any monetarist.

Poland seeks \$500m aid from EEC

From Michael Hornsby, Luxembourg, June 23

Poland has asked EEC governments to provide emergency aid of up to \$500m (£250m) to help to fill a growing deficit in the country's finances, it was disclosed in Luxembourg today.

The Polish request, which was conveyed over the past week to Britain, West Germany, France and Italy, was discussed by EEC heads of government at their summit meeting here on Monday and Tuesday. Diplomatic sources suggested that a decision on the aid request could be taken then.

The Polish request was disclosed by Mr Christoph van der Klaauw, the Dutch Foreign Minister, who told journalists that it was important to co-ordinate the response of individual EEC member states on a Community basis.

The Dutch will be in the chair at next week's summit meeting which will mark the climax of their tenure of the EEC presidency. On July 1 the Dutch will hand it over to the British for the next six months.

The timing of the Polish approach is delicate because of the imminence of the congress of the Polish Communist Party, due to be held on July 14. The congress is viewed with suspicion in Moscow as possibly heralding the start of an irreversible liberalization process.

Because of this, EEC foreign ministers want to avoid any move that could conceivably be construed as a Western provocation by the Soviet Union and used as a pretext for military intervention in Poland.

EEC diplomatic sources think that the next few weeks will be critical after the failure of the recent Russian letter to persuade the Poles either to postpone the congress or to slow the pace of changes in the upper ranks of the Communist Party.

The requested aid is apparently needed to help to fill the gap in the country's financing requirements which was left uncovered by the debt rescheduling arrangements.

Apart from taking part in the rescheduling of Poland's international debts, which are estimated to total more than \$25,000m, the EEC has already provided food from its surplus stockpiles at reduced prices.

Western bankers are to meet in Paris tomorrow to discuss Poland's loan repayments due this year.

Hardliners' fight, page 5

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News	2-4	Diary	14	Sale Room	16
Comments	16, 18	Science	9-11	Sport	2
Features	12	Law Report	7, 14	TV & Radio	27
Letters	17-22	Letters	73	Theatres, etc	27
Obituary	16	25 Years Ago	25	Weather	16
Parliament	16	Wills	25		16
Property	28				

ional, pages 10, 26; Times Information Service, back page

Transport union snubs Foot in wage bargaining call

From Paul Routledge, Labour Editor, Brighton

Transport workers' delegates gave Mr Michael Foot, leader of the Labour Party, a standing ovation yesterday and then voted to one to scupper the party's emergent incomes policy.

On a show of hands, the Transport and General Workers' Union's biennial policy-making conference reaffirmed its commitment to free collective bargaining and opposition to incomes policy, including the use of cash limits or guidelines, formal or otherwise.

This embarrasingly hostile attitude towards pay restraint runs counter to the policy line emerging in joint talks in the TUC-Labour Party liaison committee.

A confidential document to be discussed by trade union and political leaders next month says: "Negotiations within both private and public enterprises including nationalized industries should take into account the need to secure efficiency in the use of resources and have regard to the impact of settlements on prices."

"We emphasize strongly that the principles of fairness and comparability are essential to pay bargaining and cannot be ignored by trade unionists, employers or by government. Our approach must reflect our commitment to social justice as well as to economic growth and efficiency."

This shift back towards a pay

policy will now be discussed by the home policy committee of the Labour Party and the TUC economic committee, before going to the full general council of the TUC and Labour's national executive late in July.

But the 1,800,000-member TGWU, which accounts for one sixth of all trade unionists, is committed to pursue an anti-incomes policy line in its deliberations with the shadow cabinet.

Mr Alex Kitson, acting leader of the transport workers, insisted: "High wages make sense. We do not believe that pay restraint is the magic solution to Britain's problems. Incomes policies do not work. They break down. They are unjust. But in terms of the Labour movement argument we have to say they are the wrong answer to questions wrongly posed in the first place."

After a long but largely one-sided debate, delegates backed their executive's line and rejected a rival proposal from a London region branch that the TUC and the Labour Party should jointly agree that the unions and tax policy to put into the next general election manifesto.

Only about 50 of the 1,000 delegates voted for this policy, which forms the basis of the joint initiative now being

worked out in the liaison committee.

If his speech, Mr Foot gave a warning that the Conservatives were poised to bring in new legislation to curb the unions, and he promised that the next Labour government would repeal it and the Employment Act, 1980.

That pledge, and his passionate advocacy of nuclear disarmament, won him the standing ovation but shortly after his departure the delegates returned to their traditionally militant posture on wages.

Later the conference called for a Government inquiry into assaults on bus crews after being told that 1,123 incidents were reported last year.

An average of more than 100 separate claims for compensation for criminal injury is being processed at any one time, Mr Bill Morris, TGWU national bus secretary, told delegates.

Bus crew assaults were second only to attacks on the police and ought to be treated with equal seriousness, Mr Morris said.

Strong passions were aroused in the debate; one speaker wanted a return to the "car and lorry" days when the punishment should fit the crime.

The TUC is to hold a conference next month to discuss the assaults in industry.

Healey warns of defeat for Labour

From Donald Macintyre, Labour Reporter, Bridlington

Mr Denis Healey, the Labour Party's deputy leader, gave a warning last night that the party faced defeat in the next general election unless the rot in its party was cured at this October's conference.

He told a Solidarity fringe meeting at the Confederation of Health Service Employees' conference in Bridlington: "Our job this year is to create the spirit we had in the party until a year or two ago, to rebuild the unity and rebuild loyalty."

He added: "October is ample time for us to win the next general election. If we fail at our conference the rot will have gone even further."

Mr Healey, who left little doubt that he was talking about the deputy leadership and the electoral college, appealed to delegates to "work with us to rebuild the sort of party the country wants us to be."

Mr Healey said that Mr Wedgwood Benn had suggested in a recent London Weekend television interview with Mr Brian Walden that elected leaders were not to be trusted.

That view, he said, was a recipe for anarchy. Anarchy is not a policy for this country, he said.

Mr Healey said that Mr Francois Mitterrand had achieved a signal victory in the French elections because he had broken with the Communists. He added that the British Labour Party could achieve the same kind of victory if it broke its links with the "undemocratic extremists."

Mr Wedgwood Benn's supporters in his campaign for the deputy leadership of the Labour Party said yesterday that they welcomed the proposal that details of campaign expenses should be published (our Politics Staff writes).

The Rank and File Mobilising Committee, coordinators of the Benn campaign, were responding to the challenge from Mr John Silkin, one of the two rival candidates, that all three should publish their campaign expenses by the end of August.

The committee said that Mr Benn was making no personal contribution to his costs, and that when their accounts were published it would be seen that all the money came in donations from supporters.

An advertisement supporting Mr Benn in last week's issue of Labour Weekly, which cost £500, was paid for entirely by those who signed it.

Left wing turns out for Benn

From Our Labour Editor, Brighton

A galaxy of left-wing Labour MPs was wheeled out last night to carry Mr Wedgwood Benn's political torch to the delegates at the party's annual conference in the Transport and General Workers' Union, whose block vote could determine the party's deputy leadership election.

Four Westminster MPs and a member of the European Parliament sat a meeting called by London Co-operative societies drew an audience of six hundred to the Benn campaign in London. They were joined by Mr Denis Healey, the deputy leader, at a "fringe" meeting of the day before.

More than 300 TGWU delegates applauded Mr Denis Skinner, MP, when he said: "We want representatives in Westminster and elsewhere who will fight for our class and to help with the national interest."

Left wing delegates are seeking to open the political battle on the issue of the conference which demands that the Benn candidature be discussed tomorrow.

Leaders of the union want the whole issue to be held over to a special meeting of the union delegation to the Labour Party conference on September 27—election day for the deputy leadership.

If the applause last night was any guide the delegates would opt for Mr Benn. Given the chance they clapped Mr Skinner in his attack on the "sloppy consensus" when he said: "We want people on our side to represent class interests. We have to ensure that next time round we have representatives in all these important areas a fight for these class interests."

Mr George Willoughby, secretary of the Sogat London Central branch, has agreed to meet the men's unofficial leaders this morning.

The three West German tourists who climbed into the grounds of Buckingham Palace last week and camped out undetected were not the first to breach the outer security.

The Palace said yesterday that a number of other people have been found in the grounds. Scotland Yard said that there had not been any other recent breaches. The only breach by three West Germans, who thought the Palace grounds were part of Hyde Park, were "very much an isolated incident."

Lots of people tried to scale the walls either because they were mentally disturbed or for a bet, but they were usually caught, Scotland Yard said. The police could not say why the men were not spotted climbing over the 10-foot high wall or whether there is any police patrol within the 51-acre Palace grounds.

The incident occurred less than a week after a man fired six blank shots near the Queen



Lord Kagan smuggled out of open prison

Jennifer Kagan, aged 15 (right), daughter of Lord Kagan, and his secretary, Miss Elizabeth Malarkey, leaving Rudgegate open prison, near Wetherby, West Yorkshire, yesterday. Lord Kagan was smuggled out after completing 20 days, with remission of a 10-month sentence. Mr Nigel Berry, the prison governor, appeared at the prison gates at about 9 a.m. to tell waiting pressmen that the disgraced textile manufacturer had left about an hour earlier by a side entrance. He admitted that the idea had been to avoid the press

presence. The two women had waited outside the prison in a silver-grey Rover. By the time they were allowed in the prisoner had already been discharged. Lord Kagan was sentenced at Leeds Crown Court for offences of theft and false accounting. During his prison stay he worked as an orderly in the weaving shed. His secretary would not say what his plans were, or where he would be staying. Both Miss Malarkey and Miss Kagan later drove to Leeds airport, but Lord and Lady Kagan did not arrive there.

SDP stays clear of Croydon

By Our Political Editor

Prominent members of the Social Democrats moved swiftly yesterday with the wary eyes of Northern Ireland upon them.

They will do what many churchmen and politicians have talked about through 12 years of strife and bloodshed: integrate. They will share religious education, discuss Irish and British history, and some will learn the Irish language together.

The brave and remarkable story of the imminent birth of Lagan College is buried deep in the divisions of Ireland. There have been recent examples of calculated opposition by priests and unsympathetic politicians, but it is now certain that the dream of creating Ulster's only true non-sectarian school for pupils aged between 11 and 18, is about to be realized.

A so far unnamed English charitable foundation yesterday agreed to meet a large part of the next teachers' salaries for the next three years, thus removing one of the immediate difficulties. The advertisements for teaching staff went out last week, and replies are pouring in.

Every statistic and opinion poll seems to support the enterprise; almost all parents, when asked, claim to back integrated education. Yet, in Northern Ireland, despite pockets of liberalism and tolerance, there is little mixed schooling, and certainly the complete mixing of the curriculum is almost unheard of.

The college, named after the River Lagan, is to be built in the town of Lurgan, which at first took equal numbers of Protestants and Catholics aged 11, but the age range will be extended over the years. Extensive efforts are being made to ensure that both communities are equally represented in every facet of the school.

The principal, Mrs Sheila Greenfield, was born in Hertfordshire, and was confirmed as a member of the Church of England. At first she will have one full-time assistant and part-timers.

Fees will be £600 a year, but there will be a sliding scale based on ability to pay, and as a result some pupils will be educated free of charge.

Mrs Cecilia Lineham, secretary of All Children Together, a charitable trust behind the enterprise, is adamant about the need for non-sectarian schooling. "There is no doubt that the troubles are deep in history, but to continue to put bricks and mortar around them is to ensure that society does not heal itself."

"We are not blaming segregated education for the problems, but to refuse to build bridges makes it impossible to work out viable lasting solutions."

The intention is to finance Lagan College and the trust will then ask the Department of Education for state aid.

All Children Together began as a group of Catholic parents trying to find ways of providing religious education for their children outside the Catholic school system.

To them, and to Protestant parents seeking to make their children out of a sectarian system, Lagan College is a dream come true.

Non-sectarian school for Belfast children

From Christopher Thomas, Belfast

Sixty Protestant and Roman Catholic children will begin the new term in Belfast next September, with the wary eyes of Northern Ireland upon them.

They will do what many churchmen and politicians have talked about through 12 years of strife and bloodshed: integrate. They will share religious education, discuss Irish and British history, and some will learn the Irish language together.

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Science report Effects of sunspots on Earth's weather

One of the most plausible accounts so far of how the Sun could influence the weather on Earth has been put forward by Dr Ralph Markson of the Massachusetts Institute of Technology. That the Sun keeps us passably warm is not disputed; but attempts to show that happenings on the surface of the Sun, such as sunspots, may affect the weather on the earth, have in the past, been conspicuous failures.

The underlying difficulty in earlier attempts to explain a rapid interaction between happenings on the surface of the Sun and the weather on Earth, is that most solar processes act slowly. Although sunlight takes less than 20 minutes to travel from the Sun to where we are, fast particles, such as those given off in solar flares, takes the best part of a day to reach the Earth's atmosphere. Further days go by while their influence is extended downwards from the outer atmosphere to the surface layers, by which time their influence has a negligible effect on weather phenomena such as cyclones and anticyclones.

The mechanism now put forward depends on the influence of cosmic rays, the stream of ionizing radiation which comes from distant parts of the galaxy whose intensity varies with the condition of the Sun. Although the energy carried by the cosmic rays to the Earth is small, in comparison with the energy of weather processes, Dr Markson argues that cosmic rays can have an important influence on the electrical conditions of the atmosphere, and especially on the layer of electrification in the stratosphere, known as the ionosphere. And this, in turn, can affect the frequency of thunderstorms near the Earth's surface.

The argument is based on direct observations of the electrical potential of the ionosphere, carried out by means of balloons and rocket flights. The difference of electrical potential, between the Earth's surface and the ionosphere is usually about 250,000 volts, but can vary considerably. Dr Markson has now been able to show that the electrical potential of the ionosphere is linked positively with the intensity of cosmic rays reaching the Earth.

The information gathered shows that the average electrical potential of the ionosphere varies by as much as 22 per cent during the sunspot cycle, and is at a maximum when sunspots are at a maximum. The variation of cosmic ray intensity from solar maximum to minimum is by comparison almost negligible. The data about 17 per cent that there can be sudden changes of the electrical potential of the ionosphere within a day or so of large solar flares.

Precipitable water changes in the weather pattern follow these changes of electrical potential is not clear. Cosmic rays produce electrification in the lower atmosphere as well as in the stratosphere, thus increasing the electrical conductivity. This, in turn, can thus help the formation of thunderstorms. Thunderstorms are also the chief means by which the electrical potential is kept within bounds, so that the ionosphere does not become expected to be more frequent when sunspots are at a minimum.

Source: Nature, May 28 (vol 291, p 304), 1981.

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£25 FINE ON MARCH BAN PROTESTER

Jennifer Ann Smith, aged 21, a student, of Dagmar Court, Manchester Road, Poplar, east London, who admitted willfully obstructing Kilburn High Road, Kilburn, north-west London, without lawful authority or excuse on April 26, was fined £25 yesterday.

Mr Christopher Lake, for the prosecution, said that the student, in support of the Manx hunger-striker, Robert Sands had been prohibited under the Metropolitan Police Commissioner's 28-day ban on demonstrations except those traditionally held.

The Times that he had had an assurance that it would be accepted.

Other amendments designed to widen the disqualification have been tabled for the Bill's committee stage which, with the remaining stages, is to be taken in a single sitting tomorrow.

Mr Tony Marlow, Conservative MP for Northampton, North, has drawn up amendments which, if agreed, would prevent a convicted criminal who was serving a sentence of more than one year from contesting an election, no matter in what country he might be detained, but subject to the discretion of the Home Secretary.

The programme, "Trouble in Paradise", was to have been transmitted last month, but was postponed in an attempt to clarify results of research on Valium's safety.

The BBC explained that it did not rat the clarification it wanted and that the item was becoming too involved. Canadian research had indicated that rumours in rats appeared to grow when fed with an active ingredient manufactured by the company. The programme will now include an item on a Ciba Geigy product, Entero-Vioform, which is still being marketed in the Third World although it has been withdrawn or put on prescription in the West.

Strike hits at heart of Whitehall

By Our Labour Reporter

The Civil Service unions last night extended their campaign of selective strikes for the first time into the heart of Whitehall when six staff in the Foreign Office communications department were called out on an indefinite stoppage.

Union leaders said the six photographers are responsible for copying all telegrams which are received by the Foreign Office and then distributed to other government departments, embassies and Buckingham Palace.

The Foreign Office action is typical of the way the dispute is expected to progress. Leaders of the nine unions in the campaign met yesterday, but decided against any significant intensification of the action until the results of a call for increased levy payments from their members are known.

Strikes by air traffic controllers yesterday, disrupted flights in Scotland and affected overnight train traffic. Staff at the Heathrow control tower are due to strike for seven hours from 2.30 pm today.

In another dispute, there were growing calls from ambulance emergency cover during Friday's planned national stoppage.

UNION SET TO FIGHT NHS CUTS

From Our Labour Reporter, Bridlington

The Government was warned yesterday that it faced a battle with the unions over its plans for the "wasteful destruction" of the National Health Service.

Mr Eric Wilson, president of the Confederation of Health Service Employees, told the union's conference that the Government was deliberately trying to force a hasty decision on the NHS.

There were 500 private hospitals in Britain with 30,000 beds. "In contrast, over the past 20 years, health service beds have dropped by 80,000," Mr Wilson told delegates.

Mr Patrick Jenkins, Secretary of State for Social Services, and Dr Gerard Vaughan, Minister for Health, were "the worst double act to hit health since Burke and Hare".

On Monday night about 300 unemployed Sogat members, who would normally be packing and delivering newspapers to wholesalers and railway stations, staged a silent protest march through newspaper offices in London. They were joined by casual employees of several national newspapers.

Most of the unemployed workers, awaiting full-time vacancies, report at the union offices each day to seek casual shifts. They said they can usually do two or three a week, earning take-home pay of about £90.

They said there were Sogat members on national newspapers earning more than £300 a week because of high overtime and premium shift payments.

Mr George Willoughby, secretary of the Sogat London Central branch, has agreed to meet the men's unofficial leaders this morning.

Rail unions silent on electrification delay

By David Felton, Labour Reporter

Rail union leaders appeared yesterday to be staying in silence by the Government's refusal to approve a firm programme for electrification of the railway network.

The unions had been hoping that Mr Norman Fowler, Secretary of State for Transport, would approve one of the four options submitted by British Rail for extending electrification over the next 20 years.

On Monday the minister, while approving further electrification in principle, told the unions and Sir Peter Parker, British Rail chairman, that any new projects would be judged on their potential profitability and the industry's acceptance of new productivity measures.

The unions refused yesterday to make any official comment but officials privately expressed their disappointment at the minister's statement. Their initial reaction on hearing the Government's statement was, apparently, to refuse any further cooperation on productivity.

Monday night's meeting between the unions, the minister and Sir Peter was, by all accounts, a stormy affair with Mr Fowler being told by the unions that the decision not to sanction a rolling electrification programme was a disaster for the industry.

Mr Fowler's proposals, which were discussed yesterday in detail by British Rail and Department of Transport officials, went nowhere near the unions' demands for early multi-million pound investment in electrification.

Sir Peter is due to address the National Union of Railwaymen's annual conference in Scotland next Tuesday and NUR officials are hoping that he will then be able to explain what the minister's statement means in terms of investment and job losses.

The unions are all opposed to further job losses in the industry after having cooperated with reduction of 7,500 jobs during the past 12 months. Leaders of the Associated Society of Locomotive Engineers and Firemen (Aslef) were instructed by their annual conference earlier this month to organize industrial action if sufficient new investment was not sanctioned by the Government or further cuts in the network were sought.

The Aslef executive is in session next week and is due to discuss electrification today but is unlikely to come to any firm decisions until the statement has been clarified.

Cartoon, page 3

Fleet St jobs talks today

By Our Labour Staff

Fleet Street union officials are to meet unemployed drivers and warehousemen today in an attempt to defuse a dispute over the amount of casual working on newspapers.

The dispute, which cost The Sun 1,000,000 copies on Monday and delayed other papers.

About 500 unemployed members of the Society of Graphical and Allied Trades (Sogat) massed outside the union's main London office yesterday to complain about lack of work because of some union members working six and seven days a week while more than 2,000 in London were unemployed.

They are demanding that the union enforce a rule that no full-time worker should do extra casual work for his own or any other employer except in emergency or special circumstances.

On Monday night about 300

'Errors' in rescue

Safety measures protecting two North Sea divers were sacrificed to such an extent that their diving vessel should not have been operating at sea, a fatal accident inquiry was told in Aberdeen yesterday.

What should have been a straightforward rescue of two divers wrapped up below the North Sea turned into a succession of disasters. The divers, Victor Guilel, aged 28, from Massachusetts, and Richard Walker, aged 32, from California, were found dead inside their bell in August, 1979, when it was recovered after a 17-hour rescue effort.

The tragedy occurred after the main lift, which was used to raise the ship, Wildrake, to their diving bell in the Thistle field, broke.

Mr Reg Christie, for the families of the divers, told the final day of the inquiry which had been adjourned from last month that there were a considerable number of defects in the diving system.

The umbilical lifeline to the bell and its which designated as secondary means of recovery failed.

The clump weight and guide wire system, an alternate means of lowering and raising the bell, was not used; while the drop weights on the outside of the bell which when released would allow the bell to float to the surface could not be used.

Sheriff Douglas Risk said that he would make a written judgment.

The three West German tourists who climbed into the grounds of Buckingham Palace last week and camped out undetected were not the first to breach the outer security.

The Palace said yesterday that a number of other people have been found in the grounds. Scotland Yard said that there had not been any other recent breaches. The only breach by three West Germans, who thought the Palace grounds were part of Hyde Park, were "very much an isolated incident."

Lots of people tried to scale the walls either because they were mentally disturbed or for a bet, but they were usually caught, Scotland Yard said. The police could not say why the men were not spotted climbing over the 10-foot high wall or whether there is any police patrol within the 51-acre Palace grounds.

The incident occurred less than a week after a man fired six blank shots near the Queen

during the Trooping the Colour. Both events follow a recent review of security for the Royal Family and their residences.

The review was carried out after the attacks on President Reagan and the Pope.

Yesterday neither the Palace nor Scotland Yard which is responsible for the protection of the Royal Family would discuss security measures. The Royal Family have personal detectives and the Palace has a permanent police force.

Special equipment is also thought to be kept within the Palace but a survey, from the streets outside, yesterday of the walls showed no sign of any television cameras monitoring the perimeter.

Such systems are used at major prisons and various secure Government establishments. On the other side of the Mall from the Palace they are used to monitor the area around Marlborough House which is often used for inter-

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Labour dissenters keep Trident debate alive

By Henry Stanhope, Defence Correspondent

Support for the Government's decision to invest in the Trident nuclear missile system will come from the House of Commons Select Committee on Defence tomorrow. But the dissenters will be far from unanimous.

Labour MPs on the 11-man committee have proposed a dissenting amendment which, with the help of a press conference and some advance publicity, is likely to attract more attention than the main report.

The split decision on whether Britain can afford to spend between £5,000m and £6,000m over the next 15 years on a successor to Polaris comes after a 15-month study by the committee.

Its significance, however, is that the debate over Trident will continue at least until after the next election, in the October 1984, which could return a Labour administration dedicated to overhauling Mrs Margaret Thatcher's defence policy.

The present British deterrent consists of four submarines each armed with 16 Polaris missiles. The submarines and the cluster warheads have been bought from the United States through the Nassau Agreement of 1962.

The original intention was to build five submarines, which would have guaranteed two boatloads of missiles on station at any one time. But the fifth was cancelled by the 1964-70 Labour Government, so now the statistical guarantee is only for one-and-a-half.

Ver 14 years after the first Polaris submarine entered service the force absorbs only just over two per cent of the defence budget and it is used to be less.

The Government is still left with the need to do something about Polaris in the 1990s. That is partly because of doubts over its ability to penetrate deep into Soviet territory by then and

because of predicted improvements in enemy anti-submarine detection.

It is partly also because the Americans are phasing out their own Polaris system, so Britain could have difficulty in finding spares for the missiles. But it is mainly because by 1992 the first of the boats will be 25 years old. Whatever happens about the missiles, the Government will need expensive new submarines to carry them sooner rather than later, or choose another kind of deterrent, or no deterrent at all.

Last July Mr Francis Pym, then Secretary of State for Defence, announced that the Government was to buy the Trident missiles from the United States under a deal not much less favourable than that worked out at Nassau. Britain would build the warheads again, and four submarines.

Trident has a range of 4,000 miles (Polaris has only 2,800 miles) and is more accurate. Each missile also carries eight independent warheads (Polaris has only three in a cluster pattern) each of which has about five times the yield of the bombs that were dropped on Hiroshima and Nagasaki in 1945.

In several respects, it is a bigger and better weapon than Britain really needs. But its extra range gives the British submarines more underwater space to hide in. Its proponents also argue that with only a small force at the country's disposal the Government must make sure that it works.

All those facts relate to the Trident-1, or C4 missile, which is next coming into service with the United States Navy. But it now looks likely that the Government will buy the Trident-2, or C5 missile, which has a range of 6,000 miles and is still more accurate.

By moving to the D5 Britain will again be keeping pace with the United States, and Ministry

of Defence sources insist that the cost difference will not be excessive. They are now deciding whether to opt for a design of submarine which is big enough to accommodate the D5, just in case.

As it is, the Trident package, submarines and all, will take 3 per cent of the defence budget on average over the next 15 years, rising to 5 per cent during the peak years in the late 1980s, or 10 per cent of the equipment budget.

Opposition to the Trident decision has come from the unilateralist lobby as well as from experts who favour a cheaper alternative and from some members of the Armed Forces. Opposition is likely to grow as a result of the Defence Review, which will include cuts in both the Navy and the Army.

The Ministry of Defence says that there would have been a Defence Review, Trident or not, and that money saved by cancelling Trident could not be diverted to other parts of the defence budget.

The ministry says that 300 cruise missiles could have been bought for about the same money. But those would have stood only a 50 per cent chance of reaching their targets. Trident, it is claimed, gives Britain a more advanced nuclear capability than the French, who have to spend more than 20 per cent of their defence budget on it.

For those arguments will not satisfy opponents who believe Britain cannot morally or economically afford to invest in the Trident missile. Whether the programme will survive the next election remains uncertain. What is certain is that the debate will be quickened as a consequence of this week's Commons report and the forthcoming Defence Review statement by Mr John Nott, Secretary of State for Defence.

Leading article, page 15

New tomato grown by waste water

By Hugh Clayton
Agriculture
Correspondent

The world's first glasshouse to do without heating fuel and soil was opened yesterday amid accusations that the Government did not do enough to support energy-saving projects.

At 20 acres the glasshouse, in Cambleforth, North Yorkshire, is the largest tomato factory in the world, the owners say.

The plants bear little relation to those being nurtured by thousands of amateur gardeners throughout the country. Those in the North Yorkshire glasshouse grow to more than 30 feet long with up to 35 trusses each.

They never come into contact with soil, but are nearly planted in water and planted out in blocks of a spongy substance made from molten and spun rock. The blocks are watered by a solution of essential nutrients mixed from tanks by a computer.

The computer also opens the windows to keep the temperature steady.

The glasshouse is heated by waste water pumped underground from the Drax coal-fired power station nearby instead of being passed through the station's cooling towers.

Heat is extracted in the glasshouse in the form of warm air and the temperature is controlled by computer.

The glasshouse is owned by Erel Produce, in which Express Dairy Foods has a 51 per cent share. The remainder is held by the Central Electricity Generating Board.

Mr Anthony Good, chairman of Erel said: "This is the first substantial commercial application of reject power station heat for horticultural purposes. There are many trials going on round the world, but we believe this to be the first genuine application."

He added that Government aid of £15,000 equalled 1p in the pound in the £3m cost of the project. "We find the Government's lack of support for real energy-saving projects very discouraging."

Mr James Murphy, a director of the company, said the waste heat from the Drax power station alone could support the whole of the United Kingdom horticultural industry.

British glasshouse farmers are complaining that they are being forced out of business by fuel subsidies paid in Holland which enable Dutch growers to sell in Britain at low prices.

£200,000 FOR CRASH GIRL
Agreed damages of £200,000 and costs for head injuries sustained by Pauline Soape, aged 16, in a road accident in July, 1978, were awarded by Mr Justice McNeill at the High Court in Liverpool yesterday.

Judge heard that Pauline, of Church Road, Upton, Wirral, was a lively, intelligent and popular girl at school. But her brain damage had left her almost totally paralysed and mute.

The accident happened near her home when a Mini, in which she was front-seat passenger, went out of control and collided with an oncoming car. Her driver, David Jones, of Cliff Road, Wallasey, accepted full liability.

Archaeology
Butchered bodies confirm history
By Norman Hammond, Archaeology Correspondent

Chinese archaeologists excavating the tomb complex of China's first emperor have made a discovery corroborating historical accounts of the coup after the emperor's death: four butchered corpses, found in graves near the "poetry army" which has been under investigation since 1974, are thought to be those of princes and princesses executed by the emperor's son.

The discovery was made in 1979, close to the eastern wall of the outer enclosure of the "spirit city" which encloses the massive tumulus of Emperor Qin Shi Huang Ti (Qin Shi Huang Di in modern Chinese spelling), "the first sovereign emperor", was laid to rest in 210 BC.

The army of 7,500 life-sized pottery figures, including chariots and horses, lies 1.5 km east of the outer enclosure, and the two bronze chariots with horses and drivers discovered in 1980 were discovered by the western wall of the inner enclosure;

these latter finds, half life-size with human figures 80 cm (24 in) high, are thought to have been deposited by the emperor to honour his ancestors.

The graves found in 1979 and not hitherto publicised, each contained a single skeleton. Two were identified as male and two as female, all about 20 years of age. Some had been beheaded, other cut in half.

One of the females was accompanied by a seal bearing a woman's name, and the form of the seal has apparently convinced the archaeologists that they are dealing with individuals of royal blood.

The discovery has been linked with the account by the famous Han historian Sima Qian (Sima Qian) in the Shi Chi of the events after the death of Qin Shi Huang Ti in 210 BC. The first emperor died away from his capital without having named an heir apparent, and his oldest son and obvious successor, Fu-su, was away at the Great Wall which his father was

Gormley warning on Belvoir delay

Mr Joseph Gormley, the miners' leader, said yesterday that rejection of the National Coal Board's plan to mine in the Vale of Belvoir could lead to a loss of morale in the Leicestershire coalfield.

In a letter to Mr Michael Heseltine, Secretary of State for the Environment, he said that if the scheme was scrapped it could inspire the thought that the Government was paying only lip service to the Plan for Coal.

Last week Mr Gormley, president of the National Union of Mineworkers, warned Mr David Howell, Secretary of State for Energy, that there could be trouble in the pits if the scheme did not proceed.

The union is worried by reports that the Government is not prepared to approve what would be the biggest mining development in Europe.

Mr Gormley urged the minister to give some indication whether he had made a positive decision, rather than the negative one which had been the subject of rumours.

Three groups who opposed the scheme at the public inquiry yesterday accused the NUM of seeking to influence

the decision improperly. The National Farmers' Union, the Vale of Belvoir Protection Group and the Vale of Belvoir Parish Councils' Committee said in a statement that the merits of mining in the Vale were exhaustively canvassed at the inquiry.

However, it would appear that the NUM are seeking to exert an improper influence on the unannounced decision, and are threatening to "make trouble" if that decision goes against them.

The case for mining at the present time is not proven, and we trust that the Secretary of State for the Environment will not succumb to threats.

Moreover, we do not consider that the people of the vale, whom we represent, should be similarly expected to give way to this sort of industrial muscle.

The Department of the Environment said yesterday that the inspector's report had been with the department "for a while" and it was hoped a decision would be made quite soon.

MPs CLASH OVER FOOTPATHS

By Our Parliamentary Staff

A complaint by a Conservative MP that groups of what he called "professional ramblers" were imported into country areas simply to maintain footpaths drew a sharp counter-attack from a Labour MP in the Commons committee on the Wildlife and Countryside, Bill yesterday.

Mr John Farr, MP for Harborough, said that groups of twenty or thirty ramblers came to an area simply to maintain paths.

Mr Andrew Bennett, MP for Stockport, North, said that even paths that were no longer of use to local people should remain for others to enjoy. If farmers did not encourage the use of paths by the use of barbed wire and in other ways, they would be better used.

It was often necessary for people to walk paths that farmers neglected in order to establish where they were.

MPs opt for all-British torpedo

By Our Defence Correspondent

A government decision to continue the £920m development of an all-British lightweight torpedo for the Royal Navy and the Royal Air Force has been supported by an all-party committee of MPs.

But they underline the need for more collaboration between Britain and the United States, and possibly West Germany, to avoid expensive and wasteful competition in future torpedo research.

The torpedo Sting Ray, which is in its final stage of development with Marconi Space and Defence Systems (MSDS), is required to rearm surface warships, helicopters and maritime aircraft against the latest Soviet submarines.

The project was criticized last year, however, by the House of Commons Committee of Public Accounts, which said

that the services could have bought the American Mark 46 torpedo alternative for only £200m. It was left to the Select Committee on Defence to decide. In their findings, published today, the MPs say that the Mark 46 torpedo falls short of the British operational requirements because of its poor homing capability, the limited destruction of its warhead and its inability to operate in shallow waters.

The report says: "We must conclude that to buy the Mark 46 with Nearing is superficially attractive for financial reasons but on further examination cannot represent a cost-effective purchase."

The report also points out that the American replacement for the Mark 46 is likely to cost considerably more than Sting Ray, whose £920m includes £110m for VAT.

The report also refers to Anglo-American competition to fill the Royal Navy's requirement for a new heavyweight torpedo for its own submarines. A decision is expected next month.

The committee suggests that one basis for future co-operation might be for Britain to take the lead in lightweight torpedoes, using, if necessary, a new American propulsion system to increase its speed.

But the Americans could lead on heavyweight weapons, adopting the British guidance system and basing European production in Britain to ease Marconi's concern about future jobs.

Third Report from the Defence Committee: The Sting Ray Lightweight Torpedo. (House of Commons paper 218, Stationery Office, £4.40)

Councillors labelled as Trotskyists

The Press Council ruled today that *The Daily Telegraph*, which described 10 Coventry city councillors as Trotskyists without checking with them, should have published a correction or given them the opportunity to reply.

The councillors' complaint was upheld.

Mr James O'Brien reported in *The Daily Telegraph* that 10 of the controlling Labour group on the council, known as the Trotskyists, had had the party whip withdrawn. He wrote that they had campaigned against most of the group's policy and voted against an increase in the price of school meals.

He also quoted the Conservative group leader referring to the 10 as Trotskyists and to a Trotskyist-Socialist-Workers' faction.

Though Councillor Robert Holland, the 10 councillors wrote to Mr William Deedes, the editor, saying the article was unfair. The only reason they were excluded was because they were against the school meals price increase.

Mr Holland complained to the Press Council that this letter was not acknowledged or published. "Trotskyists" was not a nickname he or the others knew but was used by an opponent. The article was unbalanced, they had no opportunity to reply, and readers were misled.

Mr Deedes told the council he was not happy when the letter was received but would have found it unacceptable for publication.

Mr O'Brien said his report was based on information from people well versed in Coventry political affairs. The Conservative group leader used "Trotskyists" in a collective sense.

The Press Council's adjudication was: This was an over-written and misleading article which made a series of inaccurate assertions about 10 Labour members of Coventry City Council without any attempt having been made to check the facts with the members concerned.

The 10 councillors deny the article's statement that they were known collectively as the Trotskyists. The only evidence given to support the statement was that they were described as Trotskyists in *The Daily Telegraph* by the leader of the city council's Conservative group. It does not sustain the statement in the article.

The newspaper should have corrected the inaccuracies itself or allowed the councillors an opportunity to reply in its columns to the attack on them which the article constituted.

The complaint against *The Daily Telegraph* is upheld.

BBC in no hurry to start breakfast television

By Kenneth Gosling

The BBC is not in a hurry to make a decision on breakfast television, Sir Ian Trethowan, the director-general, said yesterday.

He said: "I don't think there is any pressure on us to start next year." This was a clear reference to the decision not to launch independent service until May 1983.

Sir Ian said the BBC had made no secret that although it felt breakfast TV had a low priority, an early morning service was necessary.

Sir Ian, speaking in London at the launch of a licence fee gift token scheme, said a breakfast television service would not be included as part of the BBC's application to the Home Office for a £50 licence fee later this year. The money to run the service would have to come from existing resources, he said.

The BBC would not know whether it would be able to afford the service at all until a feasibility study had been completed, he said.

Asked if the public was really interested in television at that time of day, Sir Ian said: "It is a very interesting point—I don't know." He confirmed that running costs would be about £2m a year.

If the BBC succeeded in getting more licence revenue, he said it would aim to restore cuts in the television network budgets and to try to regain some equilibrium between the two broadcasting systems. They wanted to produce afternoon programmes which were of particular social importance now with the present level of unemployment.

Finally, he hoped to introduce a satellite news subscription service that would bring in tens of millions of pounds by the end of the century.

WEDDING GIFT
Greater Manchester Council is funding three engineering apprenticeships for unemployed youths as a wedding present to the Prince of Wales and Lady Diana Spencer.

GIRL STRANGLED
Tracey Burton, aged 14, the schoolgirl who was found murdered in the Severn Gorge, on Monday, was strangled and sexually assaulted, the police said yesterday.

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Private schools urge Labour to keep sixth forms

By Diana Geddes, Education Correspondent

The heads of the two organisations representing the 400 top boys' and girls' independent schools said yesterday that they would be prepared to discuss with the Labour Party the possibility of turning independent sixth-form colleges, as an alternative to outright abolition.

Speaking at a press conference in London to announce the results of the latest census on independent schools, Mr John Thorne, headmaster of Winchester and chairman of the Headmasters' and Headmistresses' Association, said that there had been a lot of complacency about the Labour Party's intentions towards independent schools, but its latest proposals made this particular doomsday seem a little nearer.

Mr Thorne said there were two irreconcilable differences between himself and the Labour Party: he was not prepared to compromise on the questions of selection or the continued independence of at least some schools as an alternative to the state system.

However, if Labour was willing to allow selection at 16, some form of cooperation might be possible, provided independence was preserved.

Mrs Heather Brigstocke, High Mistress of St Paul's Girls' School and chairman of the Girls' Schools Association, said that she would be interested in becoming a sixth-form college if selection were not permitted during the years of compulsory schooling.

Mr Tim Devin, director of the Independent Schools Information Service, representing more than half of all schools in the independent sector, said that his organisation regarded Labour's proposals as "probably the most serious threat we have ever faced". He added: "This time, I think they mean it, though we are having difficulty convincing our members that it is serious."

The census of the 1,298 independent schools in membership of the two organisations showed that the number of pupils in secondary schools was slightly lower for the first time since the census was first carried out in 1973. The number in girls' schools was down by nearly 1,000, and the number in boys' and co-educational schools down by 800.

The 25 per cent increase in fees last year is thought to have been one of the main contributory factors. Fees at major boys' boarding schools average £3,400 a year, at girls' boarding schools £2,700, and at day schools about £1,300.

There was an unexpected increase of about 3,000 in the number of pupils attending independent preparatory schools, however, bringing their total numbers to nearly 100,000.

Mr Jim Hornby, chairman of the Incorporated Association of Preparatory Schools, said they did not know the reason for the increase, but more broken homes and greater job mobility might have had something to do with it.

The census results provided an evidence to support the theory that pupils were leaving independent schools at 16 to attend maintained sixth form colleges. The numbers in HMC sixth forms went up by 1,000, and the numbers in girls' sixth forms went up by 200.

Scarman warning on police patrols

By Lucy Hodges

Lord Scarman asked one of Britain's senior policemen yesterday whether he and his colleagues were beginning to realise the dangers of aggressive police patrolling in multi-racial areas.

Inspector Peter Scottford, who organized policemen during the Brixton riot of April 10 to 12 this year, said he did not know. Brixton had a high crime rate and the police could either do nothing or flood the area. They were criticised for both.

"It's very difficult to know what to do next," the inspector said. The exchange between him and Lord Scarman came on the seventh day of the inquiry at Lambeth Town Hall into the cause of the riot. Lord Scarman, chairing the inquiry, said he quite understood the policeman's dilemma.

He began by asking Mr Scottford why he had called in Police Constable John Brown, the home beat officer in Raiton Road, to help.

"I never thought about it," the inspector said. "If I am faced with a disturbance, my first problem is to quell it."

Lord Scarman observed that the police faced a number of responsibilities in those circumstances, one of which was to calm things down.

"Has not the home beat officer got an important part to play in that process?" Lord Scarman asked. The inspector replied that he did not think any one man could have done that. The riot on Saturday, April 11, "it would have needed a messiah," he said.

Questioning Mr Scottford about how to quell a disturbance, Lord Scarman said: "That can be done just by the application of overwhelming force. It can be done by a mixture of force and persuasion. It can be done by attempting persuasion and, if that fails, resorting to force."

When he asked you to that persuasion, diplomacy, the direct approach is just as much a part of the police process as the application of force?"

Mr Scottford agreed. On the night of Friday, April 10, he said, he did not use a bit of both but it did not occur to him on the Saturday.

Questioned by Mr Rudy Narayan, for the Brixton Legal Defence Group, about the stabbing incident on the Friday night, Lord Scarman asked the inspector whether police were used to disperse the crowd.

He agreed that the object was to persuade people to move away through fear and that that could increase tension. Lord Scarman asked whether the use of dogs in dealing with public disorder.

"I wonder whether you appreciate that some people react with fear and hostility towards dogs," he said. The inspector replied that only two dogs were present; they were on a short lead and were not called in deliberately.

"A five-point 'Agenda for Action' to help to avoid further such a crisis is to be presented to Mr William Whitely, Home Secretary, by London's black and Asian councillors at a meeting today.

The plan, which has been prepared by the Standing Conference of the Black and Asian Councillors, calls for action on police accountability and practices; more money and changes to local schemes to tackle urban deprivation; action to implement equal opportunities in employment; improvement in police training; and improvements in the way the media cover race issues.



Agent for the Pope: Mark McCormack at Wimbledon yesterday.

Profits of promoting the Pope

By John Witherow

Mr Mark McCormack, the American businessman, hopes to earn about £1m for promoting the Pope's visit to Britain next year.

He has made a fortune from managing such diverse celebrities as Bjorn Borg and Angela Rippon. His company, International Management Group, will have a 20 per cent share in the profits of the vast souvenir industry that will grow up around the Pope's visit. Mr McCormack, aged 50, also intends to prevent the church from losing money from the £6m visit.

He started his management career with a promising young golfer called Arnold Palmer. In 1959 Palmer earned \$60,000 but within two years under McCormack's management he was taking \$500,000. It was not long before both were millionaires.

Since then he has signed up dozens of top people in sport, entertainment and fashion. Speaking at his company's marquee at Wimbledon yesterday Mr McCormack said it was still too early to go into detail about what plans he had for the six-day papal visit.

The Vatican approached Mr McCormack in March this year, he said: "They said that when the Pope had visited Ireland a couple of years ago it cost the church several million pounds and that everyone and their brother had made money from the visit, except the church."

Mr McCormack dismissed suggestions that the visit could lead to exploitation of the Pope.

"There are things you want to do because they are tasteless and silly. Obviously you could not have the Pope drinking a Coca Cola but if you could get something like that done you could raise a lot of money."

His 20 per cent share of the profits of the Pope's visit is rather less than he charges many clients. The church itself said it drove a hard bargain and Mr McCormack commented that the Roman Catholics were saying his reward would be in heaven.

Iranians keep up search for missing President

From Tony Allaway, Tehran, June 23

Iranian officials today continued to insist that Mr Abolhassan Bani-Sadr, the dismissed President of Iran, was still hiding somewhere in the country.

Tehran newspapers quoted Mr Ali Saeedi, the Kermanshah revolutionary prosecutor, as saying that Mr Bani-Sadr "has fled to the west of the country" and calling on the people to arrest him on sight.

The executions in Tehran's Evin prison went on, with the state radio reporting nine more deaths by firing squad last night.

Six were said to be members of the leftist Islamic Mujahedin Kibag guerrillas responsible for violence in Tehran on Saturday. This brought the total of riot-related executions to 29.

Of the others, Mr Bozorg Alavian, a well-known writer, was accused of organizing secret sessions of "Zionists and Bahais" in Tehran (the Bahai religion is all but outlawed) and two others were accused of offences related to Zionism.

The authorities appear to be launching a large-scale operation against Mujahedin army sympathizers. Reports of arrests throughout the country are appearing in the press.

More than 40 Mujahedin sympathizers, mostly girls, were arrested in Shiraz and 23 in the eastern religious centre of Mashad.

In Tehran roving groups of fundamentalists supporting the "Party of God" have been seen marking Mujahedin sympathizers off for questioning in security offices. One girl said she was arrested and questioned yesterday on the strength of one Mujahedin book found in her bag.

□ Cairo: Despite further suggestions from Egyptian government officials today that Mr Bani-Sadr had escaped from Tehran to Egypt, he failed to materialize in Cairo—or, for that matter, anywhere in the Middle East (Robert Fisk writes). At the Kubba Palace, where the widowed Empress Farah lives, a spokesman reflected somewhat cynically on the possibility that Mr Bani-Sadr might have followed the Shah's escape route to Egypt.

□ Paris: The Egyptian Government, they would dearly love to announce that they had given sanctuary to the Shah's successor.

Mr Mansour Hassan, the Egyptian Minister of Information, stuck rigidly to his prepared brief, that he neither confirmed nor denied Mr Bani-Sadr's presence in Cairo.

In the afternoon, reports began to come in that Egyptian troops had surrounded the airport's military airport in preparation for the arrival of the President's imminent arrival. But at the gates of the Egyptian Air Force base at Almatra, only three military guards could be found, two of them chain-smoking, while the gates in the afternoon had been closed.

□ Paris: Armed police wearing bullet-proof waistcoats guarded the nine-storey block of flats at Cachan, in the Val-de-Marne, just outside Paris, which was believed to be the home of Mr Bani-Sadr, and which his two daughters live (Ian Murray writes).

Agca trial fixed for next month

From Peter Nichols, Rome, June 23

The Rome court of assizes today fixed for July 28 the opening of the trial of Mehmet Ali Agca, the Turk accused of attempting to assassinate the Pope in St Peter's Square on May 13.

The charge against Agca is that he made an attempt on the life of a head of state which carries a maximum sentence of life imprisonment. Signor Pietro D'Avino, his defending counsel, said that he would spend the next several days but he hoped that there would be a verdict without having to wait for the autumn sitting of the court.

The Pope is now back in the Gemelli Hospital in Rome for tests. He was taken there immediately after the shooting and he stayed for three weeks.

He then returned to the Vatican but was troubled by a high temperature, with indications of an inflammation in his right lung.

□ Doctors performed more tests on the Pope today but they issued no new medical bulletin (As reported).

□ The state of health of the Pope is "conforming", the Vatican newspaper L'Osservatore Romano said.

HUNDREDS KILLED IN TRIBAL WAR

Abidjan, Ivory Coast, June 23—Hundreds of people, including children, have been killed in fighting at Bimbia, in eastern Ghana, Accra Radio said today.

The radio, monitored in Abidjan, said members of a rebel fighting force had been flown from Accra, Ghana's capital, to deal with the situation. The cause of the fighting between Kokomaba and Nanumba tribesmen was not known.

At the end of April and the beginning of May about 600 people were killed in tribal fighting in the area. The fighting is about 200 miles north of Accra, Togolese sources said last month. Refugees said about 1,000 people fled to Togo.

The fighting in April and May appeared to have been started by the murder of a Nanumba chief's son by the son of a Kokomaba chief. Fists and arrows and old hunting rifles were used in the clashes. Reuters, Agence France-Presse.

£2,500 NOTE

New York, June 23—A 10-rouble note signed by Sir Winston Churchill, Franklin Roosevelt and Joseph Stalin was sold here for \$5,000 (about £2,500) to a private collector from Minnesota.

Spanish ruling party split over new divorce law

From Richard Wigg, Madrid, June 23

Parliament last night gave Spain a modern divorce law but only at the cost of a damaging rift in the ruling Centre Democratic Union (UCD).

The minister's Bill was thus left intact.

The line of ideological division in the ruling party goes between the Social Democrats and the Christian Democrats. Several Christian Democrat leaders have already publicly campaigned for a pact with the right-wing Democratic Coalition of Señor Manuel Fraga Iribarne in preparation for the next general election.

□ Prominent UCD leader last night accused the more conservative Christian Democrats of dramatizing the clash over the divorce law in order to prepare the ground for the UCD's defeat in the big party of the right) under the allegedly approving eyes of the Catholic bishops.

The party has got onto the statute book the single most important piece of social legislation of the past five years, adapting the legal code to today's customs.

But ironically, the Prime Minister today had urgent talks with the party's chairman and a Cabinet minister belonging to the party's Christian democratic wing in order to prevent a split in the party.

Forty MPs of the party's social democratic wing, followers of Señor Adolfo Suárez, the former Prime Minister, defied the party whip last night, helped by a secret vote.

Nazi guard loses US citizenship

Cleveland, June 23—A Ukrainian immigrant who lied about his role as a guard at a Nazi concentration camp was stripped of his American citizenship today.

Judge Frank Battisti found that Mr. Ivan Demjanjuk, known as Ivan the Terrible at the Treblinka camp in Poland—entered the United States illegally because he lied about his role at the camp.

Mr Battisti's ruling, based on a Government complaint filed in 1977 and a five-week trial earlier this year, cleared the way for immigration proceedings against Mr Demjanjuk, who became a United States citizen in 1958.

During the trial earlier this year prosecutors said Mr Demjanjuk was really a notoriously cruel guard who served at Nazi camps. Among the 15 prosecution witnesses were five camp survivors, who identified a picture of Mr Demjanjuk as that of Ivan the guard. UPI and AP.

PLOT TO KILL KAUNDA

Lusaka, June 23—Zambian security forces have uncovered a plot to overthrow President Kenneth Kaunda, reliable sources said here today.

A group of Zambians, backed by South African mercenaries and Kanagan gendarmes, had planned a coup attempt for last Wednesday (the big party of the right) under the allegedly approving eyes of the Catholic bishops.

The sources said there was no connection between the plotters and the deportation of two United States diplomats ordered today. [Two first secretaries at the American Embassy, Mr John David Finney and Mr Francis O'Brien, were ordered to leave the country for alleged espionage. Three other United States businessmen were also deported.]

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Judge refuses request to ban shareholders' group

By Frances Gibb

A High Court judge refused yesterday to grant Morgan Crucible, the materials and components manufacturers, an injunction to prevent a group of its shareholders from attending its 125th annual meeting because it feared they would be disruptive.

But the judge, Mr Justice Lawson, sitting in chambers in the Queen's Bench Division, granted an injunction against nine of the shareholders to stop them being disruptive, aiding or abetting anyone else to be disruptive, or molesting anyone, at the meeting on July 7.

The hearing was the latest step in a long battle between the company and a group of residents, the Battersea Residents' Action Group, over a ten-and-a-half acre site on the Thames riverfront in Battersea.

Mr Ernest Rotker, a furniture designer and one of those

Fenton Ogbogbo murder charge

By a Staff Reporter

Gerald Terence Arnold, aged 17, unemployed, of Manor Grove, Tustin Estate, Peckham, south London, has been charged with the murder of Mr Fenton Ogbogbo, aged 25, the Nigerian-born man who was stabbed to death in a fish bar in the Old Kent Road, Peckham, on Saturday night.

Mr Arnold, who is white, will appear before Tower Bridge magistrates this morning. Police inquiries are continuing into Mr Ogbogbo's death. Other youths are wanted for questioning in connection with the killing.

Richard Tarkin, former chairman of the New Far East, will petition the Privy Council in London on July 2 for special leave to appeal against his conviction in 1980 of violating company law in Singapore. He was sentenced to six months in jail but was freed after four months.

Soldier says he was bullied

Andrew Day, a runaway soldier, vowed last night to sue the Transport and General Workers' Union after his dismissal under a closed shop agreement was awarded £3,000 agreed damages in the High Court yesterday.

He alleges that they stuck needles into his side, tied him to a 20-ton lorry and forced him to swallow cherry brandy until he choked. They also hit him with a sledgehammer.

Gunner Day, who is serving with relatives at a secret address in Keighley, West Yorkshire, said: "I am never going back. I am due to be released from the Army next January. I will be happy to have a sharp rest of my time, but not in Germany. I would rather serve in Northern Ireland than go back there."

Theologian confident of satisfying Vatican

By Clifford Longley, Religious Affairs Correspondent

Professor Edward Schillebeeckx, called to account by the Vatican for his theological opinions on such matters as the Virgin Birth and the Resurrection, has apparently satisfied his inquisitors on their nine main queries, but has four further minor points to answer.

He said, while visiting Cambridge for the annual meeting of the journal Concilium, that he did not expect any difficulties in satisfying the Sacred Congregation for the Doctrine of the Faith on the outstanding points.

Professor Schillebeeckx is one of several Concilium theologians to have been called to account by the Vatican, the most celebrated being Professor Hans Küng, whose licence as a Catholic theologian was withdrawn.

The Schillebeeckx case provoked a strong reaction from the theological community in Britain, many of the leaders of which, mostly Anglican, signed a letter to The Times on his behalf. It was the first sign of a

sense of collective identity between English theology, with its roots in the Anglican tradition, and the sometimes rough-hewn world of continental theology.

The Concilium meeting in Cambridge was also the occasion of the second such expression of faith in the Anglican tradition, as English theologians joined the Concilium visitors for a discussion of theological freedom.

Concilium was founded by many of the theological experts whose work built the intellectual base for the Second Vatican Council, and is both a movement and a journal published simultaneously in seven languages. It is also a style: radical, searching and impatient; in the more conservative climate of the eighties it is less fashionable than it was. But there is no other intellectual or spiritual kind in the world, a common debating arena with no language barriers. Its circulation is of the order of 30,000.

The journal is independent, and survives through the business sense of Mr Anthony van

der Boorgaard, a Dutch industrialist whose unlikely hobby is to give theologians a worldwide voice.

Very few women seem to have penetrated this higher intellectual world of intense politeness, and not without passion. "We must not do our theology with our backs to Auschwitz," declared Professor John Baptist Metz, and Professor Gustavo Gutierrez, of Lima, spoke of "theology arising from poverty."

The Concilium meeting, the first to be held in England, ended yesterday. Behind the visit and the joint discussion with English guests, lies the desire to spread Concilium's wings in the English-speaking world and expand the circulation of its English edition.

It was an English Anglican professor who seemed to express the common mind when he said that church and state alternately were anxious to clip the theologian's wings. He, and all the rest, rejected any notion that the theologian's business required permission

Minister tries to pacify Tory councils on cuts

By Christopher Warman, Local Government Correspondent

Mr Michael Heseltine, Secretary of State for the Environment, acted swiftly yesterday to try to quell the growing opposition among loyal Conservative county council leaders to the curbs on local authority spending.

At a private meeting in London last night called by a group of discontented shire county councils, he defended the block grant system of distribution under which many local spending councils have suffered badly.

The council group is composed of 18 of the 21 Conservative-controlled councils in England and Wales.

The predominantly Conservative shire county councils have always been loyal to the Government and, much to the dismay of other councils, the Association of County Councils last year made a deal with the Government in return for not opposing the Local Government Planning and Land Bill, which was subsequently enacted.

The immediate cause of the meeting, on the eve of the association's annual meeting, was opposition to the block grant. Suffolk County Council, a prime mover behind the group, is the lowest spender among the councils and yet is penalized.

The Government had asked councils to cut spending by 5.6 per cent compared with 1978-79, and for those authorities which kept their budget low in that year, the task is impossible.

Suffolk has looked at ways of further cutting its spending to avoid a loss of grant, but can see no way of achieving it. Instead the county faces a possible 89p supplementary rate levy.

Discontent has been growing among members that the association has not been strong enough in its condemnation of Government policies.

Independent support for the sort of government action planned to curb profligate councils comes today with a private member's Bill introduced in the House of Commons by Mr John Heddle, Conservative MP for Lichfield and Tamworth.

His Bill seeks to impose a ceiling on the levying of business rates. This proposal is one being considered by Mr Heseltine as part of possible legislation this autumn on the power of councils to levy rate increases.

□ The latest figures show a reduction in local government staff of 2 per cent in the year up to March, 1981, and a reduction of 0.3 per cent between December, 1980, and March, 1981.

At March 14, 1981, the total employed, including law and order services, was 1,689,268 full-time and 904,638 part-time employees.

Fares drop means extra 12p rate

By Michael Bailey, Transport Correspondent

London Transport fares will go down sharply in October while almost everyone else's go up, Labour's new ruling group at County Hall decided this week.

Even the present minimum bus fare of 12p goes down to 10p. Child fares will be halved from 10p to 5p.

At the same time a greatly simplified fare system will be introduced, with just four bus fares: 10p, 20p, 30p and 40p depending on distance travelled between zones.

Four new fare zones will be introduced: a central zone divided into two (City and West End); an inner and an outer.

This reversal of the recent

trend of rising fares in London is expected to counter the trend of steadily falling traffic, with an 8 per cent rise in the first year.

It will be paid for by a huge increase in Greater London Council rates, from £208m to £430m, or an extra 12p rate. That is made up of £123m or a 6p rate for the actual fare reductions, £40m or 2p for cost rise, while the Conservatives proposed to meet by a 20 per cent fare rise in the autumn, had they retained control of the Council, and the remainder a penalty imposed by the Government of 60p loss of grant for each council over-pending.

The recommendation comes up for ratification at a meeting of the GLC transport committee tomorrow and the full council next week.

On the Underground there will be a flat fare of 20p within either of the two central zones, or 30p between them. Beyond that, a graduated scale will apply at levels roughly 25 per cent lower than now. The maximum will fall from £2.20 to £1.60.

For both bus and Tube, zones boundaries will overlap by about three-quarters of a mile, so people making short journeys on the boundary will not pay double fare.

In choosing the most universally generous of four options put forward by London Transport, the Labour group is fulfilling its election pledge with a vengeance.

250,000 SEEK TO BUY HOMES

By John Young, Planning Reporter

About a quarter of a million council tenants have applied to buy their homes since they were given the legal right to do so last October; some 2,000 purchases have been completed.

Those were among the few facts to emerge from a meeting yesterday of the Commons Select Committee on the Environment, at which MPs unsuccessfully sought to elicit from senior civil servants at the Department of the Environment some indication of how the Government foresaw housing need in the coming years.

Nearly a year ago the committee published a very critical report that suggested, inter alia, that by 1985 nearly half a million fewer flats and houses would have been built than were expected in the 1977 Green Paper drawn up by the last Labour government.

But there were no signs yesterday that the report had the slightest influence

Polish hardliners resume fight against reforms

From Dossa Trevisan, Warsaw, June 23

Against the background of intensified political activities in Moscow and elsewhere in the Soviet bloc, the political battle waged by the conservatives in Poland which was briefly suspended, has been resumed with full vigour.

The Katowice Forum, the self-styled group which conducted a fierce campaign against the leadership earlier this month, has again issued a statement urging the Politburo to take a clear stand on the accusations made against the group on the eve of the Central Committee plenum earlier this month that it was harming party unity. The group then suspended its activities "bowing to democratic centralism".

Mr Tadeusz Grabski, a hard-line Politburo member, claimed since then that the Central Committee plenum, which confirmed the moderate policies of Mr Stanislaw Kania, the committee had not adopted a stand on the activities of the Katowice Forum.

He said that the case was never discussed and that the public statement that the Politburo was condemning the group was issued without the knowledge of the Katowice members. The implication was that the decision was taken by some and not all Politburo members.

Since then, Moscow has indicated that while it still hopes that the Polish Communists will take matters firmly in hand, it feels that after two weeks its expectations have

British start new EEC initiative on Afghanistan

From Michael Hornsby, Luxembourg, June 23

At the suggestion of Britain, the EEC is to propose the holding of a two-stage international conference this autumn aimed at securing the withdrawal of Russian troops from Afghanistan and ending the internal political crisis in that country.

This important joint excursion by the Ten into the "minefield" of international diplomacy is to be launched formally by EEC heads of government at their spring summit meeting here next Monday and Tuesday. It was given the blessing of Community foreign ministers last night.

Those invited to attend the conference, which would probably be held in Islamabad, would be the five permanent members of the United Nations Security Council—the United States, the Soviet Union, China, Britain and France—plus Pakistan, India, Iran and other Islamic Conference countries. Pakistan has already accepted.

The first stage of the conference, according to informed sources, would be devoted to the problem of "external interference" in Afghanistan. This is seen as a nominal concession to the Soviet argument that its troops are in Afghanistan to counter the threat from Western-backed Afghan insurgents operating from sanctuaries in Pakistan.

The second phase of the conference, to which representatives of Afghan opinion would also be invited, would be to find a solution to the internal crisis, verging on civil war.

Britain was also the moving force behind an earlier EEC proposal, announced in February of last year, which offered international guarantees of Afghanistan's neutrality in exchange for the removal of Russian troops. That was rejected out of hand by Moscow at the time.

It appears that since then EEC governments have had indications from Moscow that it might be interested in a new approach, and they have decided that the time is ripe to put the sincerity of these diplomatic hints to public test.

□ Islamabad: An Afghan insurgent group claimed yesterday to have captured a Soviet pilot after a Soviet plane was shot down (AP reports). Maulvi Yousuf Khalis, the leader of a Hezbi Islami faction, told a news conference here that the 30-year-old pilot, from Kiev, was overpowered by his followers on June 17, two days after he and his copilot bailed out of their MiG fighter near Chapchar, Eastern Afghanistan. The copilot's body was found still harnessed to his parachute, he added.



Faces of Russia: President Brezhnev (front, right) with Politburo members at the opening of the Soviet parliament. Mr Andrei Gromyko, the Foreign Minister, is on the right in the back row.

America reluctant to lead Sinai peacekeeping force

From Our Correspondent, Wellington, June 23

Mr Alexander Haig, the American Secretary of State, said here today that the United States did not see itself commanding the proposed multinational peacekeeping force in Sinai after the Israeli withdrawal next year.

"We do not visualise, nor do we seek American command of the force—precisely the opposite," he emphasized at a press conference after two days of talks here on the Anzus alliance.

Mr Haig said Washington had made informal approaches to both Australia and New Zealand, which together with the United States make up the Anzus partnership, to join a Sinai force. Asked if Australia or New Zealand might lead the force, Mr Haig replied that Washington had an open mind, provided the job did not fall to the United States.

He foresaw a "limited contribution in terms of size and specialized in terms of role" from Australia and New Zealand. A commitment had not yet been formally sought but was likely before the end of next month after further negotiations with Israel and Egypt.

New Zealand sources said its participation, even in a specialized support role such as communications or transport, remained unlikely unless it was clearly welcomed by countries in the region with which New Zealand was establishing profitable trade links.

Mr Anthony Street, the Australian Minister of Foreign Affairs, said he was interested to obtain clarification on the proposed Middle East force. It would be unusual for Australia to involve itself in a force which was not under United Nations auspices. For this reason, he added, his Government had deliberately encouraged public debate.

Some differences in emphasis regarding Vietnam apparently revealed themselves during Mr Haig's talks here. Mr Brian Talboys, the New Zealand Foreign Affairs Minister, said he was concerned that the continuation of the conflict over Cambodia would mean increased Vietnamese dependence on Moscow.

Observers suggested that domestic politics in the United States ruled out any prospect of American rapprochement with Hanoi.

US to send 800 troops says Egypt

From Our Correspondent, Cairo, June 23

Negotiators from Egypt, Israel and the United States met beside the pyramids of Giza today to make arrangements for a multinational peacekeeping force in Sinai. It would give American troops their biggest role in the Middle East since the evacuation of their bases in Libya in 1970.

Between 2,000 and 2,500 are expected to form the force, and about 800 of them would be American. According to Egyptian officials, agreement has been reached that the General Director of the force should be an American.

The force would patrol the frontier between Egypt and Israel when Israel completes its withdrawal in nine months' time.

A senior Egyptian Foreign Ministry official told The Times that Egypt would have to slow down the pace of its bilateral relations with Israel in retaliation for the Israeli attack on the Iraqi nuclear reactor. But at the same time Israel was anxious not to give Israel any excuse to delay withdrawal from Sinai.

Failure of Salt seen as threat to Nato

By Henry Stanhope, Defence Correspondent

Failure in the Strategic Arms Limitation Talks (Salt) between the United States and the Soviet Union could carry grave risks for the unity of Nato, it is argued today.

The standing of the Americans in Europe would be jeopardized if they were thought to be responsible for the breakdown, according to a new study from the Royal Institute of International Affairs (Chatham House).

Dr Lawrence Freedman, the institute's head of policy studies, says that the immediate future for arms control must rest with the fate of the Salt negotiations. Even President Reagan now sees some virtue in them.

American officials do not expect much activity until late 1981, by when it will be too late for Congress to ratify the Salt 2 treaty in its present form. Part of the treaty, which was signed by President Carter and President Brezhnev but has never been confirmed by Congress, is due to expire in December.

A collapse of the Salt dialogue, through which the superpowers have tried to reach agreement over limiting strategic nuclear weapons, would make it difficult to negotiate an arms control pact over a long-range theatre nuclear forces (START)—Soviet missiles like the SS20 or the new American cruise missiles in Britain and Europe.

It might also encourage Washington hawks to turn upon the treaty limiting anti-ballistic missile (ABM) systems, which was part of the Salt 1 agreement in 1972.

"Without going into the merits of ABMs, such a move would only confirm the dismal reputation of the Reagan Administration in this area, and put enormous pressure on European politicians," says Dr Freedman.

Success in Salt, however, might help bring about a long-awaited treaty on troop reductions in Europe, which has been the subject of East-West talks in Vienna since 1973.

Dr Freedman adds, however, that the alternative to arms control is not necessarily an arms race. Western military establishments will be more concerned in future with holding on to what they have already, given the rising costs of manpower and weapons.

Questions that need to be answered involve the resiting of forces in West Germany, the interoperability of equipment, the need for spending money or more simply equipment, the speed of reinforcement from across the Atlantic and the availability of good reserve forces.

Dr Freedman thinks that Salt and the talks on Mutual Balanced Force Reductions (MBFR) should be converted into "talking shops" where senior political and military officials from East and West would meet regularly to thrash out differences as they arose.

One step is a ban on battlefield nuclear weapons in the front line in Central Europe. This move towards reducing dependence on nuclear weapons should come as a reassessment of alliance policy, already made necessary by public opinion and shrinking resources.

"What we do not need," says Dr Freedman, "are large set-piece negotiations with a remit to produce comprehensive agreements. These have become the dinosaurs of contemporary international politics, with large bodies and little brains."

In future, arms control must be on a smaller scale, developed in response to specific problems and much more adaptable—on tap but not on top.

Arms Control in Europe, by Dr Lawrence Freedman (Royal Institute of International Affairs, Chatham House, 10 St James's Square, London, SW1Y 4LE, £5).

West accused of trying to undermine postwar peace

From Michael Binyon, Moscow, June 23

Pravda today accused the West of trying to change the postwar settlement in Europe by undermining communism in Poland and pulling the country out of the Warsaw Pact.

The charge, made as the Russians recall the fortieth anniversary of Hitler's attack on the Soviet Union, is a serious one that reveals the basis of many of the Soviet worries over the crisis in Poland.

A political commentator said "revanchists" in West Germany were trying to restore Germany's prewar frontiers and destroy the East-West division of Europe and the peace that was agreed at Potsdam.

He said imperialism was making plans to weaken the "Polish link" in the Socialist Community by encouraging anti-communist forces in Poland.

Under the pretext of protecting Poland, the West was interfering in the country, he added, clearly replying to Western charges that the Russians were ready to intervene militarily.

The United States and some other Nato members are whipping up fear and mistrust, encouraging certain elements in Poland to carry out anti-Soviet acts and attacks on the country's alliances within the framework of the Warsaw Treaty," Pravda said.

□ Sofia: Bulgaria said today that the Polish Communist Party was proving unable to check the activities of anti-socialist forces. (Reuters reports).

□ Poland continues to witness no positive changes," the Bulgarian party newspaper Rabotnichesko Delo commented.

Britain briefs its allies

From Frederick Bonart, Brussels, June 23

Mr John Nott, the Defence Secretary, arrived in Brussels today to bring the Nato Secretary-General up to date on the British defence programme.

Diplomats at Nato had previously been briefed by Sir Clive Rose, the British permanent representative, who according to well-informed sources told them that there would be no big reductions as far as Nato was concerned. The changes planned for the British Army of the Rhine would not, he said, affect its combat potential. He also informed them of the savings Britain

as proposing to make and how they would be used.

Mr Nott will be having discussions with Sir Clive Rose on how to present the review decisions to the allies. He saw Mr Caspar Weinberger, the United States Defence Secretary, at the weekend, and will be leaving for Bonn tomorrow to see his counterpart there, Herr Hans Apel.

Informed officials point out that as changes in naval and land forces were contemplated, it was natural for him to see the two allies respectively most concerned by these changes.

Leading article, page 15

In today's fast moving world, even the latest development can become outmoded before it enters the market.

The Minolta EP520 table-top copier has incorporated all present copier technology and linked it with the technology of the future, namely microprocessors.

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we believe the EP520 is the perfect copier.

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Put simply, the Micro Toner is more sensitive to tones than any other system, so reproduction is more faithful, even from

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The perfect copier should never go wrong... alright, so here's one aspect of the 520 that isn't perfect, but it's as near as is humanly possible.

We've made the paper path as simple as we can, so that the EP520 has very little appetite for paper-eating.

If anything does go wrong, a bank of self-diagnostic lights will tell you exactly what it is.

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All in all, we feel that the Minolta EP520 has every right to be called the perfect copier.

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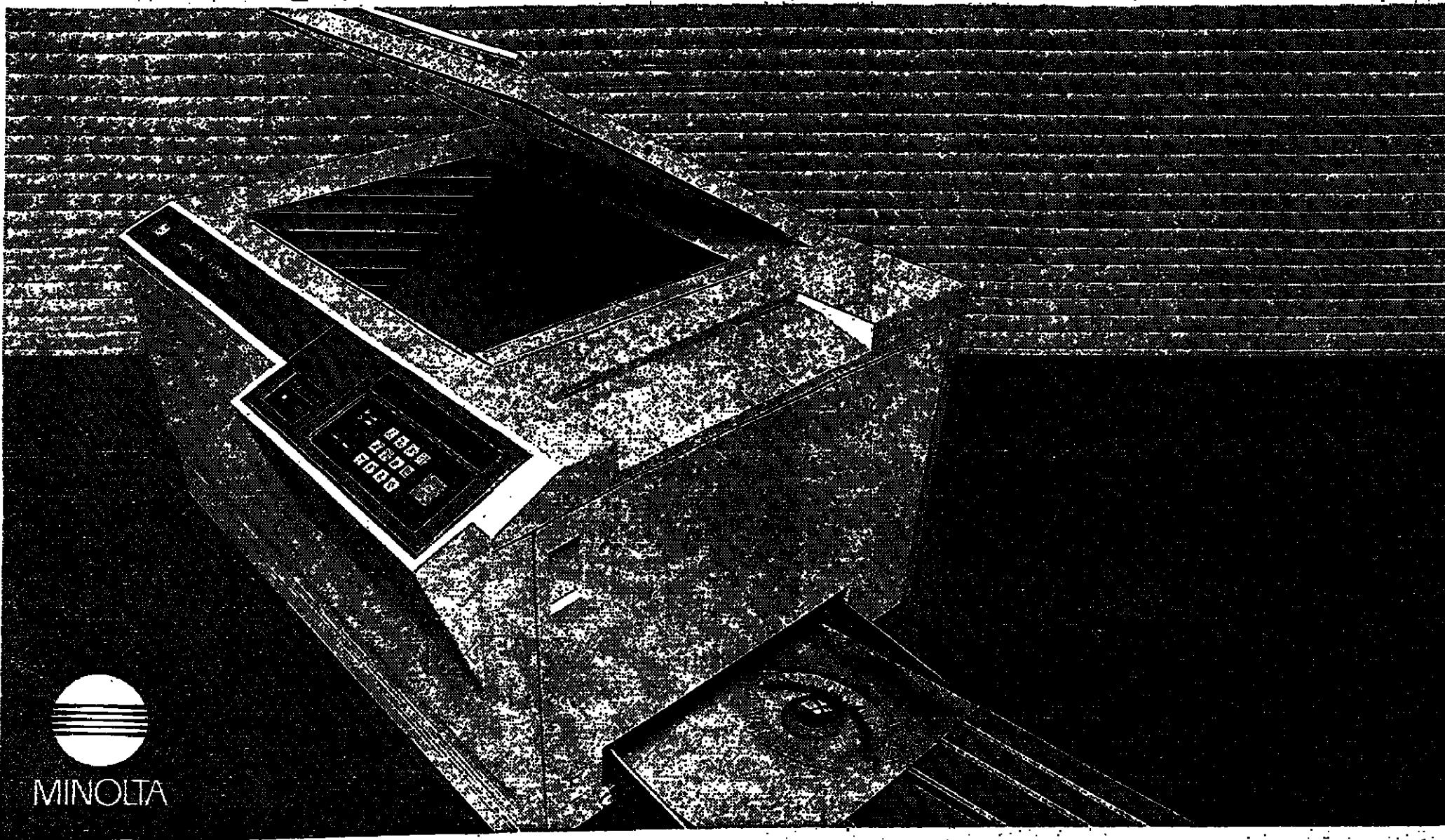
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The Minolta EP520. Improve your image.



The future of France under the Socialists

Communists pick four men to initiate new era

From Ian Murray, Paris, June 23

In an historic agreement, four Communists were appointed today to serve in the French Government of M. Pierre Mauroy.

Charles Fiterman, aged 46, is the son of Polish emigrés. He became a cinema electrician, but his political involvement with the Communist Party began at the age of 18, when he joined the CGT, the Communist-led trade union.

He soon became secretary of the Young Communists in the Haute Loire and in 1963, when he was still only 29, he was appointed director of the party's central school.

He was the Communist Party's representative during the abortive negotiations to form a revised common programme with the Socialists in 1977. In 1978 he was elected to the National Assembly for the Val de Marne, but failed to hold his seat against the Socialist candidate in this month's elections.

Anicet le Pors, aged 50, is a doctor of economic science, who crowned his academic career by becoming an inspector of finance, which gave him a senior job within the Civil Service. He became a head of division in the Ministry of Finance and the Economy in 1969 and in 1975 headed an inter-ministerial mission studying immigrants.

At the same time he conducted an active political career, both within the Communist Party and the CGT. In 1977 he was elected a Senator.

Jack Rallite, aged 53, was for a long time a journalist

with the Communist daily *L'Humanité*, and he has been a member of the Central Committee for the past two years. A specialist on cultural affairs and a former rapporteur on the cinema for the National Assembly, he has served as deputy for the Paris suburb of St Denis since 1973.

Marcel Rigout, aged 53, is a lathe-turner, who, entered the upper ranks of the Communist Party, having served as a local councillor in the Limousin. Vice-president of the Communist group in the National Assembly, he kept his seat in last Sunday's elections. Among the many jobs he does for the party is that of political editor of the Communist newspaper, *L'Echo du Centre*.

An important new Socialist appointment is Maître Robert Badier, the new Minister of Justice, a lawyer who has campaigned vigorously for abolition of the death penalty.

As defence counsel, he has won several notable victories, pleading what appeared to be hopeless cases, when the police were convinced they had caught a murderer.

Aged 53, he was trained as a lawyer in both France and the United States.

Pierre Dreyfus, aged 73, one of the most experienced men in French industry, is the other new Socialist. He is a trained lawyer who served in several post-war Socialist governments before being named head of the state car company Renault in 1954.

Under his presidency, the company became the leading French exporter.



M. Georges Marchais, the French Communist leader (left), leaving after Cabinet discussions with M. Pierre Mauroy, the Prime Minister, in Paris yesterday and M. Giscard d'Estaing and his wife on holiday to Greece.



Nato may filter secret reports

From Ian Murray, Paris, June 23

Brussels, June 23.—Nato reacted calmly today to the prospect of Communists in the new French Government. Although Nato sources said officials would deliberate on whether sensitive intelligence reports routinely passed to France should be filtered.

They said the potential problem was not as acute as it could be with other Nato members because France was outside its integrated military structure and did not take part in the secret Nuclear Planning Group (NPG), although it did keep liaison officers in Nato's main commands.

Nato has once before taken steps to protect its most sensitive information during the revolution in Portugal in 1974, which brought Communists into the government.

At the insistence of the United States Nato postponed an NPG meeting to have been held in Rome in November last year. The issue was resolved when the Portuguese Government said it was not interested in taking part and the meeting went ahead in Brussels in December. —Reuters.

Resignations continue from the state media

From Ian Murray, Paris, June 23

Three out of the four people responsible for news output within the French state broadcasting monopoly have now bowed out. Today, M. Claude Contamine, the head of the regional FR3 channel handed in his notice. It came after yesterday's resignation of M. Maurice Ulrich, the head of Antenne 2, and M. Roland Faure, the head of news of Radio France.

Only last week, two other members of the team assembled under President Giscard d'Estaing to run the media also resigned. M. Xavier Gouyou-Beauchamps left *Sofradis*, which controls state interest in the main private stations broadcasting to France, and M. Yves Canac gave up his job as head of the state publicity agency Havas.

The Socialist Party promised when it came to power that there would be no witch hunts. However, M. Georges Fillioud, the Minister of Communications in the first Socialist Government, has said that he has reminded the heads of the different stations that they have a duty to respect "the political neutrality and pluralism of the future."

Communists in earlier Cabinets

Paris, June 23.—Communists took part in five post-war French governments after General de Gaulle reluctantly brought them into his fledgling administration.

In part he was paying them off for the active role in the Resistance, and the party had a representative in the Committee for National Liberation which de Gaulle formed in Algiers in 1943.

After the liberation of Paris in 1945, de Gaulle took five Communists into his Government. They wanted at least one key post, either Defence, the Interior, which controls the police, or Foreign Affairs. But the general gave them only economic ministries, although the Communist leader, M. Maurice Thorez, was later given a senior ministry, Administrative Reform.

De Gaulle later bowed out of politics, wearying with squabbling among the parties, but the Communists were in three of the next four Cabinets.

In 1947, the Socialist Prime Minister, M. Paul Ramadier, got rid of the Communists after a series of strikes.—AP.

Mitterrand plays for peace with unions

Paris, June 23.—In accepting Communists into his Government, President François Mitterrand appears to be taking a calculated risk that his new regime will function more smoothly, while the credit he has already built up abroad is not undermined.

Mitterrand, who holds a strong hand after his own victory and the overwhelming Socialist win in Parliament, feels his associates say—that he can dictate terms of behaviour to the four Communist ministers in his Government.

M. Mitterrand is fully aware, these sources say, of the likely negative reaction among some of his allies, particularly the United States, to Communists in the Cabinet.

It is also clear to him that outsiders may question why—when the Communists were reduced to a minor party in the parliamentary elections—he still took them into his Government.

Officials familiar with M. Mitterrand's thinking say he feels that with the Communists inside, and with their promises of solidarity with his domestic and foreign policies, they will hardly quarrel with his Government. The Communists control France's biggest labour union which has harassed many a past French government that had refused Communist participation.

Whether the Communists, led by the hard-hitting, pro-

Moscow, M. Georges Marchais, will quietly let President Mitterrand run his own show is doubtful to some French conservatives. They recall that when the Communists were let into General de Gaulle's post-war Government, they crossed swords with the rest of the Cabinet and caused trouble in the streets.

France is now the only major Western country with Communists in its Government. (Both in France and San Marino have Communist ministers.)

France is now the only member of Nato with Communists having a share of power. (Up past years, both Portugal and Iceland had Communist ministers in government.)

France does not formally participate in the integrated military structure of Nato, but is a key Western military power, with its own nuclear force. French foreign ministers take part in Nato political committee, draw up military guidelines and make the main policy decisions concerning Nato's defence posture against the Warsaw Pact.

But French officials point out that sensitive matters such as defence and foreign affairs are seldom discussed in full Cabinet sessions. Small groups of selected ministers, or "Kitchen Cabinets", normally take such decisions with the President, frequently in isolation from the full Cabinet.

Marchais sees pact as pursuit of party line

From Our Own Correspondent, Paris, June 23

M. Georges Marchais, the Communist leader, said on television tonight that the agreement with the Socialists did not represent capitulation, but rather a pursuit of its political line.

The entry of Communists into the government, he said, was proof of the party's long-standing attachment to the idea of union. "I think the participation of Communist ministers in government is a good thing."

It was essential, "so that they can play their part in the necessary work of pulling our country out of the crisis and going forward in the direction wanted by the French."

He said it was inconceivable that the results of his party during the presidential and legislative elections had not lived up to their expectations. There had been "problems with comrades inside the party", which would be caused by a meeting of the Central Committee on Thursday and Friday.

With the Socialists, he said, the Communists had agreed to work towards the dissolution of military blocks. It was necessary to negotiate to guarantee a military balance and from there to go on along the path of disarmament. Asked about differences over the deployment of missiles in Europe, M. Marchais said: "even inside the same party there can be different opinions."

Full list of members of the French National Assembly

Results	Calvados	Eure-et-Loir	Jura	Key	Orne	Yvelines	Hauts-de-Seine
Assembly assembly	1 L. Mexandeau (PS)	1 G. Lemoine (PS)	1 A. Brune (PS) from	PS Partie Socialiste	1 O. Goulet (RPR)	1 J. Le Gars (PS) from	1 J. Brunhes (PS)
New	2 H. Delsie (PS) from	2 F. Gaspard (PS) from	2 J. P. Santa-Cruz (PS)	PC Parti Communiste	2 F. Geng (UDF)	2 M. Pericard (RPR)	2 C. Sandrin (PS) from
Old	3 M. D'Ornano (UDF)	3 D. Dousset (UDF)	3 J. P. Santa-Cruz (PS)	MRG Mouvement des	3 M. Lambert (PS) from	3 M. Rocard (PS)	3 D. Freilet (PC)
Communist	4 F. D'Arcourt (UDF)		from UDF	Radicaux de Gauche	4 A. Lotte (PS) from	4 M. Leunig (RPR)	4 P. Jans (PC)
Left Independents				Div G Divers Gauche	5 P. Jone (PS)	5 E. Zante (RPR)	5 G. Deprez (UDF)
Right Independents				RPR Rassemblement pour la	6 G. Chasseguet (RPR)	6 R. Douyère (PS) from	6 G. D'Arcourt (RPR)
Total	489	489		République (Neo-Gaullistes)	7 G. Chasseguet (RPR)	7 B. Schreiner (PS)	7 J. Frayssé-Cazalis
				UDF Union pour la	8 G. Chasseguet (RPR)	8 G. Malanorin (PS)	8 J. Baumel (RPR)
				Démocratie Française	9 G. Chasseguet (RPR)	9 C. Labbe (RPR)	9 G. Gorse (RPR)
				(Giscardians)	10 M. Wacheux (PS) from	10 G. Ducolone (PC)	10 G. Ducolone (PC)
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Poll results boost Spadolini's coalition chances

From Peter Nichols, Rome, June 23

Senator Giovanni Spadolini, the Italian Republican leader, today resumed consultations with prospective allies in the coalition he hopes to form. The results of local government elections, widely seen to have enhanced the significance of his efforts.

He saw the Socialists first. Their advance was the most striking fact to emerge from the elections, and they are not a party to underestimate a success.

Signor Bettino Craxi, the Socialist leader, said: "The figures speak for themselves, and some of them even sing." Neither the Christian Democrats nor the Communists, the two largest parties, performed as well as their supporters hoped and so the day can fairly be said to have gone to the smaller left parties. That placed a seal on Senator Spadolini's negotiations.

The results can be regarded only as a sample. Some nine million people were entitled to vote and the variety of places included gave a reasonably wide indication of how public opinion feels towards political parties. The main places were Sicily, which voted in regional elections, two large cities in the south and, in the north and centre, Genoa and Rome itself.

The Christian Democrats held their ground in Sicily but fared badly in the big cities, including Rome which remains strongly of the left. The Communists confirmed their urban strength but were again unable to make progress in the south. The Socialists gained ground almost everywhere with, surprisingly, important advances in parts of the south, doubling their vote in Bari.

Both the two big parties have their problems more clearly traced. The Christian Democrats have held power for virtually the whole postwar period but that power is being eroded. The President of the Republic is a Socialist, and almost certainly the Christian Democrats will be replaced in the premiership by Senator Spadolini. They are helping him and publicly putting the best face possible on the change. Senator Spadolini's Republican Party, they point out, has traditionally been their ally and so the change can in no way be seen as traumatic.

The Communists must bear the electorate a particular grudge for failing to head the claim of their leader, Signor Enrico Berlinguer, that he, rather than Signor Craxi, was the Italian Mitterrand. And who seemed like a winning card was their constant reminder that they were the only political party not to have been stained by the masonic scandal. Their claim to be the party "with clean hands" does not appear to have recommended them to the electorate, while the Socialists, who had a minister in the lists of the famous P2 masonic group, advanced notwithstanding.

What has been described as the biggest scandal of all, because so many other scandals were included within the P2 framework, brought neither benefits to the Communists nor particular damage to the Christian Democrats. And the Social Democrats actually gained some ground despite the fact that their leader, Signor Pietro Longo, figured in one of the P2 lists.

Leading the significance of Italian electoral results is an involved process. This happens to be an obscure period generally in Italian affairs. The real meaning of Senator Spadolini's highly likely emergence as a non-Christian Democrat Prime Minister has still to be assessed, as have the real consequences of a round of elections already shuddering under the weight the commentators are seeking to give them today.

Squatters fight police in Berlin

Berlin, June 23.—West Berlin police arrested 173 demonstrators in street battles that raged for five hours after police raided four houses occupied by squatters, a police spokesman said today.

Fourteen policemen and at least one demonstrator were injured in the fights that began at 10 pm and ended at about 3 am.

Demonstrators fought police with stones and petrol bombs, built barricades, broke windows and started fires in retaliation for police raids on the 160 empty houses occupied by squatters.

Seven hundred policemen took part in the operation and about 400 people, mostly youths, were involved in the demonstrations, police said.

It was the first trial of strength between squatters and the new Christian Democratic city government that took office on June 11. The Christian Democrats, campaigning on a law and order programme, ended 26 years of Social Democratic rule in the city.

In a statement issued today the Social Democrats opposed the police action. Squatters should be offered an opportunity to sign leases for the occupied houses to avoid violence, the statement suggested.

Most of the street fighting took place in two districts of the American sector.—UPI.

EDITOR FREED IN NIGERIA

From Our Correspondent Lagos, June 23

The editor of the *New Nigerian*, arrested a week ago on orders from the Chief Justice of Plateau State on a charge of contempt of court, was released last night after being in custody for five days.

Malam Ibrahim Sulaiman was not to publish anything that would reflect upon the dignity and integrity of the courts.

Communications fund for Third World launched

From Ian Murray, Paris, June 23

A widespread appeal for funds to develop communications in the world is to be launched after the first meeting of the 35-nation council set up under Unesco to coordinate such a programme.

The week-long meeting, which finished yesterday, failed to resolve the question of how to finance what is certain to be a costly series of projects to build up the communications infrastructure in developing nations.

For much of the time the debate was politicized, with the industrialized nations, who are being expected to meet the lion's share of the bill, fighting to ensure that any project that is set up will be free from interference and control by the government of any country receiving aid.

The United States notably did not announce it was offering any financial help.

For the moment, therefore, the only money available to the programme is the \$1.75m (about £875,000) earmarked by Unesco, \$600,000 from the Netherlands, \$100,000 from India, and \$50,000 each from Iraq and Mexico. France, Norway, Nigeria, Venezuela and Yugoslavia have said they will make contributions later.

Mr Amadou Mahtar M'Bow, the Unesco director-general, was disappointed with that level of contributions and said at the final session that it would not be possible to carry out the programme without adequate finances.

He said the priorities for the council, which will meet next in Mexico in the last of November, should be identifying regional and sub-regional projects, with longer term planning for training.

Mr Gunnar Garbo, the Norwegian chairman of the council, said its duty was to act within the Unesco constitution, which had a duty to ensure the free flow of information and ideas across national frontiers.

He said no one could impose freedom of information on anybody. Freedom was something each nation had to work out for itself. However, to people who had not learnt to read and write the freedom of the press did not mean much and to people unable to obtain a radio or television set the freedom of choice of information was far from reality.

If the council fulfilled its task in creating the necessary infrastructures and providing the social and economic conditions for enjoying freedom, he said, it might be possible "to fulfil the lofty ideals of Unesco".



Sanjay Gandhi mourned: Mrs Indira Gandhi, the Indian Prime Minister, with Sanjay's son, Feroze, and widow, Maneka, on the first anniversary of his death.

Fire threatens California vineyards

From Ivor Davis, Los Angeles, June 23

Some of California's best vineyards are being threatened by a brush fire that has blackened 23,000 acres, destroyed 65 homes and injured seven people in the Napa Valley wine country.

Some of the top American winemakers are based in the valley, 40 miles north-east of San Francisco.

A plume of white smoke could be seen from San Francisco and Sacramento, 70 miles away.

Four fires which, investigators say, were deliberately set, broke out early on Monday afternoon. By the evening they had merged into one huge blaze. Mr Ed Karen, Information Officer for the California Division of Forestry, said. Damage so far is estimated at \$2.6m (£1.27m).

Mr Jim Tight, news director of a local radio station, said the wineries had been barely touched so far.

"Hundreds of people in the area evacuated their homes in the path of the fire, while scores more, pulling garden hoses after them, climbed on to roofs to protect their property."

African-Arab tension grows at OAU conference

From Michael Knappe, Nairobi, June 23

African-Arab tension has increased sharply at the Organization of African Unity's annual gathering here, with black African diplomats protesting that the advantages of international cooperation are disproportionately in favour of the Arab states.

There have been bitter complaints from black African representatives, according to conference sources, over what the Africans regard as the poor returns they have received for their firm diplomatic support for Palestinian autonomy.

Several delegates are said to have argued forcefully that as Palestine is not physically part of the African continent it should not be given such prominence in OAU deliberations.

In 1974, after the Yom Kippur war, the OAU came out firmly in favour of the Palestinian cause. Member states broke off diplomatic relations and various valuable economic development links with Israel and the organization accorded the Palestine Liberation Organization observer status and an effective participation in its proceedings.

Many black Africans are resentful that in spite of this they have suffered the economic effects of soaring oil prices with what they regard as only meagre compensatory aid from the Arab states.

On a political and diplomatic level the view has been expressed that while the OAU gives due emphasis to the Palestinian issue the Arab League pays scant attention to the liberation struggle in Southern Africa.

In an attempt to rectify this, the black African foreign ministers have pressed for the African liberation movements—the African National Congress and Pan Africanist Congress of South Africa, and the South-West Africa Peoples Organization of Namibia—to be given similar status at the Arab League meetings.

It will be up to the Afro-Arab member states who also belong to the Arab League to press the point home.

At the economic level, the grievances of the black African delegates caused the Council of Ministers to call for an Afro-Arab summit meeting to be speedily convened so that an immediate course of cooperative action could be adopted.

The black Africans expressed concern at what they described as the lack of enthusiasm in convening meetings and said there should be more consultations and conferences to discuss important and urgent issues.

Mr Peter Onu, the assistant secretary-general of the OAU, said it was felt that unless these steps were promptly taken, African-Arab cooperation, as an institution was likely to run out of steam.

At the heart of the problem has been the role of Egypt. After President Sadat's peace agreement with Israel at Camp David, the Arab League expelled Egypt.

Since then Arab states have refused to have Egypt present at any proposed Afro-Arab summit, and the African states have refused to meet without the Egyptians' presence.

The standing commission for Afro-Arab cooperation, which consists of 12 foreign secretaries each from the OAU and Arab League, is supposed to meet twice yearly. But it has not been convened since 1978.

The prospects of a meeting in the near future are not bright. Mr Onu has emphasized that since Egypt is a legitimate member of the OAU it must be allowed to participate in the working sessions of the current commissions.

Arab aid commitments to black Africa until the end of last year are conservatively estimated to have totalled \$5,707m (£2,850m). The annual average stands at \$713m.

Black Africans argue that this is simply not enough to overcome the enormous fuel bills they are faced with as a result of the Arab induced price rises. Kenya, for example is spending \$800m a year on oil imports, or nearly 75 per cent of its budget.

The Arabs emphasize that in 1980 Arab aid to Africa reached about \$1,400m, twice as much as the average over the past seven years.

Dr Cheddi Ayari, president of the Arab Bank for Economic Development in Africa, has responded to African criticism by admitting that Arab-African cooperation is not sufficiently dynamic.

However, he argues that Arab aid to Africa represents 0.7 per cent of the combined Gross National Products of the Arab donor countries.

As such, the Arabs have attained the target fixed by the United Nations for official aid to the Third World as a whole.

Dr Ayari emphasized that one of the striking features of Arab aid to Africa is its high grant element. Out of every dollar transferred to Africa, he says, 80 cents has been a free gift.

"We all need to make a commitment to training if we're going to compete in the modern world."

TERRY DUFFY
PRESIDENT, ICL

"Through working for a time at Marks & Spencer on the Youth Opportunities Programme, young people gain confidence and motivation which we hope will be helpful to them in the future."

LORD SIEFF
CHAIRMAN, MARKS & SPENCER

"ICI will keep on supporting the Youth Opportunities Programme - we have seen the benefits it brings to young people."

SIR MAURICE HODGSON
CHAIRMAN, ICI

"The C.B.I. is totally committed to the Youth Opportunities Programme. It has set up a special Unit to support it. Industry cannot afford to ignore the plight of unemployed young people."

SIR TERENCE BECKETT
DIRECTOR GENERAL, C.B.I.

"Let's give Britain's teenagers a sporting chance. I support Y.O.P. Now it's your turn."

RON SAUNDERS
MANAGER, ASTON VILLA FOOTBALL CLUB

"It is vital that every possible opportunity is created to provide training and experience for our young people - I see Y.O.P. as a great encouragement to achieving this objective."

SIR HECTOR LAING
CHAIRMAN, UNITED DISCOUNTS

"Y.O.P. would have been a good and much-needed programme at any time: in today's conditions it is essential. Every good employer should be backing it."

LORD CARR
CHAIRMAN, PRUDENTIAL CORPORATION

"The future of this country will be in the hands of those very teenagers Y.O.P. is helping today. The T.U.C.s behind it all the way."

LEN MURRAY
GENERAL SECRETARY, T.U.C.

"It's nothing less than a new deal for the young unemployed. I hope every employer who reads this will help to make it work."

JOE GORNLEY
PRESIDENT, N.U.J.

"Clearly, you have to provide experience and training. But the MSC pays the youngsters and there are no tax returns or National Insurance contributions."

JOHN WELSH
V.I.A. DAVIES (FURNISHINGS) LTD, BRISTOL

"We find that many of the youngsters we help through Y.O.P. are the sons and daughters of our own employees here at Ford."

SAM TOY
CHAIRMAN AND MANAGING DIRECTOR, FORD MOTOR CO.

"Over 700,000 teenagers have been through the Programme, and many of them have landed jobs at the end of it. Including 300 we took on last year."

LORD WEINSTOCK
MANAGING DIRECTOR, B.E.O.

"The Programme is designed for each individual employer so that it doesn't come between you and your business routine."

SIR JOHN MOORES
CHAIRMAN, LITTLEWOODS ORGANISATION

"I am pleased by the way much of Y.O.P. reflects close co-operation between young people and voluntary organisations to improve the community and all our future prospects."

SARA MORRISON
CHAIRMAN, NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS

If we don't plant acorns, we won't get oaks.

Employers! (And that means you - whatever the size of your business.) Please ask the operator for Freefone 2361 for more details of the Youth Opportunities Programme. We need you...

YOUTH OPPORTUNITIES PROGRAMME MSC

Nuclear-free Britain would still be early target

in the proposal. It would increase the number of candidates from 10 to 15. It was important to increase the number of people interested in standing for the local authorities.

Ulster troops cost

The most reasonable estimate of the total cost of the armed forces in Northern Ireland since 1969 was £3,000m at current prices, Mr Philip Goodhart, Under Secretary of Defence for the Armed Forces, indicated during these questions.

He said that accurate information was not available. Departmental records had been kept on an extra, not a total, cost basis, and the cost for the defence despatchment since 1969 was approximately £600m.

New peers

Lady Gardiner of Parkes, former Mrs Trilixie Gardner, a Conservative member of Westminster City and Greater London councils and a past chairman of the European Union of Women, was introduced.

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Cambridge eschew an unrealistic target that lacks adventure

By Richard Streeton
LORD'S: Oxford University drew with Cambridge University.
A declaration lacking ambition by Oxford was responsible for the university match fading away to a disappointing finish yesterday. Cambridge clearly felt that a 200-run target was unrealistic. It would have meant them scoring at 90 an hour and they made no serious attempt to do so and could not really be criticised. Oxford's declaration has to be faulted because it gave Cambridge little incentive to go for the runs and also failed to leave Oxford themselves enough time to dismiss the opposition. A match that had been kept alive by its own declaration on Monday became moribund far earlier than was necessary. In addition some commendable Oxford batting, particularly before lunch, was wasted at the stage of a vain upsurge. Cowan and Essex, the over night Oxford pair, resumed at 71 for one, shared a brisk start initially which really every hope for a challenging finish. Cowan, who is 6ft 4ins tall, drove the dominant partner and drove on both sides of the wicket with power that must have stung the fieldsmen's hand more than once. Cambridge played their part by hawking Pringle less than they might have done and the cricket at this stage seemed competitive and vibrant. After a quicker ball from the left arm spinner Boyd-Moss flattened Cowan's off stump. Hayes and Essex maintained an appropriate tempo. When Hayes was bowled after lunch, making room for an aggressive Essex, the match seemed to have been put to bed. After 185 minutes remained, a declaration would have been apt. Oxford, however, batted a further 10 minutes, but Essex finally being closed with Essex was yorked. Essex, who survived a chance to go to 45 against the Moss, had been in for only three hours. It was his best score this season and compared with his usual soundness, but his inability to change gear and increase his run rate towards the end cost him a hundred. When Cambridge set out on their difficult task, Mills and Peck made



Looking back in hunger: McEwan on one of his 48 desperate errands before lunch.

Essex squirrels with their tails up

By Alan Ross
ILFORD: Sussex (24pts) beat Essex (2) by an innings and 21 runs.
After the pole-sitting heat of Monday the squires in Valentine's Park were yesterday in altogether friskier mood. So, too, were Essex batsmen, though in the end they predictably went down to Sussex shortly after lunch by an innings and 21 runs. McEwan, Essex captain throughout the morning in the most relaxed and effortless fashion, made it plain that Essex ultimately could have given Sussex a far more exacting task than they actually had. Sussex, bowled interestingly, adding another four wickets to his four in the first innings, but wickets fell more to the impatience of successive batsmen and to the feeling that there was no real hope of a balanced team to the bowlers' penetration or the pitch's convenience. On a cloudy morning McEwan and Philip Jones for over an hour. It was refreshing to see two spinners starting the bowling. Philip was beaten outside the off stump by a fast ball, but he was regular and indeed was not out of being caught by the bowler in the first over. In between whiles he struck some solid blows while at the other end McEwan, using his feet, drove sweetly through the covers. Arnold replaced Waller, Waller changed ends and soon Philip, who was well caught by Barclay, running back from slip. The sixth wicket had put on 74. Turner, comfortably the highest scorer in Essex's first innings, immediately began to lay about him, carting Waller for successive sixes over long-on and long-off. Storey, the Sussex coach, caught the second of these unorthodox 10 yards beyond the boundary without even interrupting a conversation with the injured man. Last night of Monday's evening show, substituting on the bolder day for Philip, was just about to catch Philip when Le Roux, a 192, Sussex's first decline, line of vision, snatched it from before his eyes and dropped it. Turner, having made 45 in half an hour, then aimed to clip Greig off his middle stump and was left before Barclay returned and hit Smith's off-stump with a quicker one that went with his arm. At lunch Essex were 241 for eight, having made 128 in two hours. McEwan contenting himself with a mere 48 of them. He added no more in the afternoon, Waller getting one to spin back on to his stumps from a defensive push. Le Roux was in no mood to hang about and was caught at extra cover. Sussex, in the last week, have recovered from fairly disappointing experiences at Tunbridge Wells and Northampton, and are happily back in the running in all three competitions. Yesterday they looked a keen, organized and challenging side who, whatever happens, would give a lot of pleasure. **SUSSEX: First Innings:** 436 for 8 (110 overs). **Essex:** First Innings: 169 (10 R.T. Barclay 4). **Second Innings:** **Sussex:** 169 (10 R.T. Barclay 4). **Essex:** 21 (10 R.T. 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The great British pensions scandal

Britain led the post-war world in founding a welfare state but never resolved a welfare issue of importance to millions of its citizens — their occupational pensions. The current system, on which city institutions have bloomed and boomed, discriminates savagely against people who change their jobs. By discouraging labour mobility it damages industry. An official study out today, fails to solve the problem. Paul Barry reports.

When changing your job doesn't pay

Most of Britain's company pension schemes are a disgrace. They promise you two-thirds of your final salary when you retire. But they pay it to you ONLY if you stay with the company for 40 years — all your working life. Change jobs once in mid-career or get made redundant and half your precious pension will disappear. Change jobs again and you'll end up with a small fraction of the pension you were planning to retire on.

A company pension is an appalling investment for someone who plans to change jobs (and most people don't stay in one company all their life). Yet you can't get a job with most companies without also joining the pension scheme — it's a condition of service.

If you do change jobs or get made redundant you could easily end up getting exactly the same pension the new state scheme would give you, yet pay twice the price for the privilege. And in the past many pension scheme members have effectively lost money to their pension scheme interest free — in other words, they've given money away — because when they have left the scheme they have merely got their contributions back. The money put in for them by their employer has disappeared.

The purpose of any pension scheme should be to provide its members with an adequate pension at retirement age. But most people in Britain change jobs at least twice in their working life (TUC evidence suggests that people change jobs even more often, once every four years on average). So they end up with an inadequate pension when they retire — typically only half what they have been promised. And generally that pension is not inflation proofed. At present inflation rates it will halve in value every six years.

It is in the small print of the pension booklet. But pensions are a complicated and (let's face it) a rather tedious subject. So most people discover the pensions trap only when they themselves fall into it.

The TUC summed up Britain's poor pension provision in its evidence to the Occupational Pension Board in November 1978. It said pensions should enable employees to maintain their pre-retirement standard of living into retirement (or at least prevent a major decline). This need is obviously independent of the number of jobs the employee has had in their working lifetime. Thus any system that provides a significantly worse pension for pensioners who have changed jobs is defective and unfair.

Almost three years ago the Government asked the Occupational Pension Board to recommend a solution to the problem. But its report, which comes out today, goes less than half way to providing the answer. The OPB's members all agree that job changers have in principle to be treated on an equal basis with those who stay in one scheme all their working life.

But the majority of the OPB members (which means those drawn from industry and the pension funds) say that equality is too expensive so they are asking for only limited protection against inflation for those who change jobs. They want employers to be required by law to give inflation-proofed deferred pensions — but only up to a maximum of five per cent increase a year. Inflation in the last 6 years has averaged 14 per cent, so if it continues at past rates the OPB's protection will be very limited indeed.

What worries the OPB majority is the "knock-on" costs which inflation proofing would have. People now receiving pensions would want the same protection against inflation that is given to deferred pensions. And since two out of three pension schemes in the private sector now give no guarantee that pensions will be increased at all after retirement, most



Peter Harvey was a farm manager with a company called Fountain Farming, part of the Stewart Wrightson group until he was made redundant last year when the company was broken up and sold off.

He has been offered a deferred pension of £1,102 payable on his retirement in 2012. That represents just over a tenth of the salary he was earning in 1980 when redundancy arrived. But by 2012 the pension will be virtually worthless. An inflation rate of 10 per cent between now and then will have devalued it to 1/175th of the salary he will be retiring on — in other words it will be worth less than two days' work.

To earn that meagre pension, Peter Harvey had six years of contributions, or £5,800 of hard cash, put in on his behalf by the Stewart Wrightson group. That money has bought him a pension which he could, as an alternative, transfer to another pension scheme but the company has offered him only £2,328 — a mere 40 per cent of the money put in for him.

Stewart Wrightson is an insurance company so I expected a decent pension from

them. And the pension was pushed hard as a benefit at the job interview. But it's a pretty bad investment to put nearly £6,000 in and get less than £3,000 back. If they'd given me the cash instead I could have made much better use of it.

Fifteen other employees of Fountain Farming lost their jobs at the same time as Peter Harvey and each was given a similar deal.

Peter Harvey is still managing the same farms as he did for fountain. "I was quite happy to go on working for them," says Peter Harvey. "What upsets me is that we were treated as if we were left on our own free will."

And because they don't have the element of cross subsidy which enables employers to reward "loyal" employees.

It is hard to see how employers could be forced to move back to such schemes except by their employees but legislation requiring employers to inflation proof deferred pensions (or to treat job changers on the same basis as loyal employees) would make money purchase schemes more attractive.

Another, more radical, alternative might be to make it simply illegal for employers to force people to join the company pension scheme. It is ridiculous that employers should have the power to make people take up such an appalling investment. Legislation like that would undoubtedly wreck the funding assumptions of most existing final salary schemes and force employers either to put more money in or to revamp the scheme to

Frank Marlow was made redundant 10 years ago at the age of 56 from his job as project engineer with Hawker Siddeley. He picked up the princely pension of £76 a year payable in 1980. He had also previously had some of his pension contributions returned. Together with his redundancy pay it came to £700 or £800.

That was almost the sum total of his reward for some 11 years of service with various companies in the Hawker Siddeley group, and membership of three pension schemes within those companies.

He had already been made redundant once before, from De Havilland, part of the HS group, and had taken a refund of some of his pension contributions when he had also lost out because he was twice a member of a pension scheme that was merged into another scheme. On each occasion he was

The sting in the tail

Almost all company pension schemes in Britain pay a pension based on your final salary. The best give 1/6th for each year of contributions — or two thirds of final salary for a working life. But that means your final salary with each employer. So if you changed jobs 20 years ago, half your pension will be earned on a "final salary" left far behind by inflation.

A simple example shows what happens to two people retiring in 1981 after 40 years' service on a salary of £12,000 at retirement.

Smith, who has stayed with one company all his working life gets a pension of two thirds (2/3) of his pre-retirement salary of £12,000, so his pension is £8,000 a year.

treated as though he had changed jobs, he claims, and that is why his final pension is ridiculously low.

The Hawker Siddeley pension scheme was a typical "final salary" scheme — the sort that promises two-thirds of final salary on retirement. "These schemes are based on the proviso that you stay with one company and one scheme and that just does not happen", says Marlow.

"The rule books of these pension schemes are totally misleading. Even management doesn't understand that their members are being conned."

"Money purchase" pension schemes. With these, the money that you and your employer put in effectively goes into your own separate fund, and earns interest to provide your pension. You don't lose out if you change jobs.



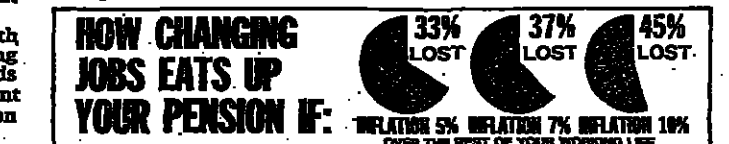
But poor Brown was made redundant 20 years ago in 1961 so his pension comes from two employers. He gets one third (1/3) of £12,000 from his last employer and one third of a much lower final salary of £1,200 from the employer he left in 1961. His total pension is only £4,400. So one change of jobs has cost him 45 per cent of his pension, through no fault of his own.

The OPB's recommendations wouldn't have helped Brown much even if they had been law 20 years ago. Inflation protection at 5 per cent would have increased the pension from his first employer to £1,050 but his total pension would still have

been only £5,000 — 37 per cent less than if he hadn't been made redundant.

The cost of changing jobs today varies as to what happens to inflation between now and your retirement. One job change now at age 45 would cost you: (see chart) one third of your pension if inflation runs at 5 per cent and 37 per cent of your pension if inflation runs at 7 per cent and 43 per cent of your pension if inflation runs at 10 per cent between now and 2001.

And the OPB's recommendations wouldn't help you even if they became law today — they apply only to pension you will earn after the day the law is passed.



(called their Guaranteed Minimum Pension or GMP) by a fixed amount of only 8 1/2 per cent a year. On top of that, company pension schemes can in practice meet the state pension liability by reducing the benefits they have promised to provide for employees who leave the scheme.

Someone who leaves a company now at the age of 44, retiring in 2002, might have a deferred pension of £500 of which £200 is his GMP. By 2002 inflation proofing would have increased the GMP to £1,000 and that would be the pension he received. While it looks good on the surface — since the promise of a pension of £500 has in fact brought a pension of twice that — what has really happened is that inflation has wiped out any benefit in excess of the GMP. The employee has got only the state pension but has in all probability paid twice as much in hard cash to get it.

The OPB has rightly said that this practice should be illegal. But even if franking is outlawed, and the OPB gets the other limited inflation protection that it wants, Britain's job changers will still lose a huge proportion of their pension rights when they change jobs or get made redundant.

For that reason the OPB's recommendations do not go nearly far enough. Britain's job changers are entitled to a better deal and they should get it. Sort out the problem of equity first by requiring full inflation proofing of deferred pensions. Then let employers and employees negotiate to decide what level of pension benefits the company and its employees can afford. Pension schemes that provide an inadequate pension for half their members, as many of Britain's company pension schemes do now, shouldn't be allowed to stay in business — let alone be in business as a monopoly in each company.

Law Report Employment Appeal Tribunal

Employers' implied term of trust

Woods v WM Car Services (Peterborough) Ltd
Before Mr Justice Brown-Wilkinson; Mr R. V. Cooper and Mr T. H. Goff
[Judgment delivered June 19]

The implied term in a contract of employment that employers would not, without reasonable and proper cause, conduct themselves in a manner calculated or likely to destroy or seriously damage the relationship of confidence and trust between employer and employee was of the greatest importance in good industrial relations.

An employer who persistently attempted to vary an employee's conditions of service was acting in fundamental breach of that term so as to repudiate the contract of employment and enable an employee to claim that he had been constructively dismissed.

The question whether there had been a breach of contract was a mixed question of fact and law and the Employment Appeal Tribunal could not overrule the industrial tribunal's decision unless it was contrary to the evidence.

The appeal tribunal dismissed an appeal by Mrs Wilma Woods, of Boston, Peterborough, from a decision of a Cambridge industrial tribunal last September that she had not been dismissed by her employers, W. M. Car Services (Peterborough) Ltd.

She had appealed on the ground that the industrial

tribunal erred in law in holding that she had not been constructively dismissed.

Mr Iain MacLeod for Mrs Woods; Mr Timothy Barnes for the employers.

MR JUSTICE BROWNE-WILKINSON said that the employee was chief secretary and accounts clerk to the owner of a garage. The business was taken over by the employers who took the view that the employee was overpaid and asked her to take a lesser wage which she refused to do. She was also asked to work longer hours and was given new conditions of employment which omitted the word "chief" from her job title.

She complained to an industrial tribunal that she had been constructively dismissed and that the dismissal was unfair.

The tribunal found that the employers had put pressure on the employee to accept a reduction in her wages and to work longer hours. They also found that the change in her job title was not justified.

They then applied the test of constructive dismissal under section 55(2) of the Employment Protection (Consolidation) Act, 1978, as laid down by the Court of Appeal in *Western Excavating (ECC) Ltd v Sharp* ([1978] 1 QB 221).

They concluded that there was no breach of the implied term that the employers would not act in a manner likely to

damage the relationship of trust between the parties.

The main submission on behalf of the employee was that the industrial tribunal was wrong in law in holding that the cumulative effect of the employers' actions did not amount to a repudiatory breach of the implied term. The appeal tribunal considered that to constitute a breach of the implied term it was not necessary to show that the employers intended any repudiation of the contract.

The industrial tribunal's function was to look at the employers' conduct as a whole and to determine whether it was such that the employee could not be expected to put up with it.

The implied term as to confidence was of the greatest importance. An employee had no remedy in cases of constructive dismissal if an employer had behaved unfairly unless it could be shown that the employer's conduct amounted to a fundamental breach of the contract.

One of the consequences of the *Western Excavating* case was that employers who wished to get rid of an employee or to alter the terms of his employment without becoming liable to pay compensation for unfair dismissal had resorted to methods of "squeezing out" an employee.

Such an employer, stopping short of any major breach of contract, attempted to make the

employee's life so uncomfortable that he resigned or accepted the revised terms.

The employer, having behaved in a totally unreasonable manner, then claimed that he had not repudiated the contract and that the employee had no remedy. It was for that reason that the implied term as to confidence was so important.

An employer who persistently attempted to vary conditions of service so as to destroy the relationship of confidence and trust had breached the implied term and any such breach was fundamental and amounted to a repudiation of the contract.

If it was for the appeal tribunal to decide, they would have held that the employers' conduct did amount to a breach of the implied term.

But in *Pedersen v Camden London Borough Council* ([1981] 1 IRLR 173), the Court of Appeal had decided that the questions whether there had been a breach of contract and, if so, whether the breach was fundamental were mixed questions of fact and law so that the appeal tribunal could not substitute their decision for that of the industrial tribunal if there was evidence which would justify the industrial tribunal's decision.

The tribunal's decision was not perverse and the appeal would be dismissed and leave to appeal granted.

Solicitors: Roythorne & Co, Spalding; Greenwoods, Peterborough.

Any previous lawful use permitted

Balco Transport Services Ltd v Secretary of State for the Environment
Before Mr Justice Gidwell
[Judgment delivered June 12]

Where an enforcement notice was served upon an occupier of land to stop an unpermitted use of the land, the occupier could revert to any previous lawful use without obtaining fresh planning permission by virtue of section 23(9) of the Town and Country Planning Act, 1971, whether or not the previous lawful use immediately preceded the unlawful use in respect of which the notice was served, provided that the previous lawful use had not in the meantime been abandoned.

Section 23(9) of the 1971 Act provides: "Where an enforcement notice has been served in respect of any development of land, planning permission is not required for the use of that land for the purpose for which... it could lawfully have been used if that development had not been carried out."

Mr Justice Gidwell, sitting as a Divisional Court, dismissed an appeal by Balco Transport Services Ltd under section 245 of the 1971 Act, against a decision of Mr R. P. Danurether, an inspector of the Department of the Environ-

ment, dismissing an appeal against an enforcement notice served by Maidstone Borough Council in respect of land and buildings at The Yard, George Street, Maidstone, Kent, which was being used by the appellants as a transport haulage depot.

Mr Stephen Rickford-Smith for the appellants; Mr Robert Furbur for the council.

HIS LORDSHIP said that the enforcement notice alleged a breach of planning control in that the land in question had undergone a material change of use amounting to unpermitted development.

The appellants had appealed to the inspector on the ground, inter alia, that the matters alleged in the notice did not constitute a breach of planning control (section 88(1)(b)). Their case was that the use as a transport haulage depot was an established use, since the premises had been used in that capacity since July 1, 1948 and that the right to use the premises for that purpose had never been lost.

There was a factual dispute between the appellants and the council which was referred to the inspector. He found that the premises had been used in accordance with its established

use as a transport haulage depot from 1948 to the end of 1963, but that the site had been used for other purposes from 1968 and had then been used for other unpermitted uses, with a further period of vacancy in between, until, in 1979, the appellants resumed the established use.

The inspector concluded that the established use had been abandoned and that its purported resumption amounted to a material change of use requiring planning permission which had not been obtained, which had not been obtained, which had not been obtained.

In general, the concept of abandonment as developed in *Harley v Minister of Housing and Local Government* ([1969] 2 QB 46, 56 and [1970] 1 QB 413, 420), which stated that once an established use had been abandoned fresh planning permission was required before it could lawfully be revived, was not apt to cover a change from one use to another quite different use.

If there was a change from a lawful use to an unlawful use and an enforcement notice was served in respect of that unlawful use, a planning authority could not properly say that the previous use had thereby been abandoned; if it could then section 23(9) of the 1971 Act would be of no effect.

What was the true ambit of section 23(9)? Lord Justice Cairns, in *LTSB Print and Supply Services Ltd v Hackney London Borough Council* ([1976] QB 663) suggested that the effect of the section was to allow an occupier served with an enforcement notice in respect of an unlawful use of land to revert to a previous lawful use only where the previous use immediately preceded the unlawful change of use. That was obiter, and, while affording great weight to what Lord Justice Cairns said it was not right to limit section 23(9) in that way. The appellants were therefore entitled, subject to the question of abandonment, to go back as far as they liked to find a previous lawful use.

There was authority binding on the court that a lawful use existing before 1948, could in law be abandoned. The combination of no use and successive changes of use could be taken as showing that the transport haulage use had been abandoned.

Accordingly there was evidence to support the inspector's finding and the appeal would be dismissed.

Solicitors: John Hogan, Harlow; Mr K. B. Rogers, Maidstone.

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BUREAUFAX
From British TELECOM International
FAX OF THE FUTURE

Business News

THE TIMES June 24 1981

Man in charge
of France's
economy, page 19

Europe's steel
industry
chaos, page 19

Stock markets
FT Index 544.5 up 0.2
FT 100 66.48 up 0.33

Sterling
\$1.9990 up 65 points
Index 96.1 up 0.4

Dollar
Index 107.6 down 0.5
DM 2357.2 down 123 pts

Gold
\$ 465.50 up \$3

Money
3-mth sterling 125-126
3-mth Euro \$ 1715-1716
6-mth Euro \$ 163-17

US inflation rate 10 pc and falling

From Frank Vogl, Washington, June 23

The outlook for American inflation appears to be decidedly brighter, with new official figures showing that consumer prices are rising at an annual rate of less than 10 per cent.

Mr Malcolm Baldrige, secretary of commerce, today predicted a 1981 rate of 9 per cent. Until now the Reagan administration has been forecasting 11.1 per cent consumer price rises for this year. The prospects of a lower rate, combined with mounting evidence of a slowdown in economic activity, may lead before long to a decline in United States interest rates.

Marine Midland Bank and Chemical Bank of New York today cut the rate they charge brokers to 20 per cent from 21 per cent, as the rate for Federal funds fell several points to just over 16 per cent. The Federal Reserve drained some cash from the market, but the Fed funds rate remained well below 17 per cent.

The bureau of labour statistics reported that consumer prices rose at a seasonally adjusted rate of 0.7 per cent in May, after gains of 0.4 per cent in April and 0.6 per cent in March. Price rises in recent months have been more moderate than had generally been expected. Over the past 12 months, the consumer price index has increased by 9.8 per cent to 269 (1967=100).

Up to 80 per cent of the advance in consumer prices in

Seagram set to buy 25 pc stake in Conoco

From Anthony Hilton, New York, June 23

Seagram, the Canadian distilling company, plans to buy at least 25 per cent of Conoco America's ninth biggest oil company and its second largest coal mining group. The Canadian, whose brand names include Conoco, Royal, Willy, Myers, Rumm, and Mumma, champagne, are prepared to pay more than \$2,000m (about £1,000m) in cash.

Seagram (the world's biggest distiller) both confirmed yesterday that the two companies held talks earlier this month. These were broken off on June 17 when the Conoco board rejected the Seagram overture, but today Seagram filed a statement with the Federal Trade Commission and the Department of Justice in Washington detailing its intention to go ahead, anyway, and purchase "more than 25 per cent" of the oil company.

In the talks Conoco rejected two distinct proposals. Under the first Seagram offered to buy 25.6 million shares at \$70 a share, direct from the company, thereby giving Conoco roughly \$2,000m in new capital. The alternative was for it to buy 15.9 million shares at \$75 direct from the company, and purchase an additional 9.6 million shares on the open market.

Conoco last year earned \$1,030m or \$9.52 a share on revenues of \$18,800m. Though its shares have been rising recently, they are still well below their price, and the board rejected the approach, partly because it thought the offer was still too low, partly because, though Seagram said it would make no attempt to influence or control the company, the board feared that Seagram would inhibit its freedom of action.

Seagram's plan to move back into oil surprised some Wall Street analysts because the company raised the bulk of the \$2,000m for the purchase by selling its oil and gas interests in the United States to Sun Oil only last year. Since then it has been looking for areas in which to diversify and made an unsuccessful attempt earlier this year to purchase St Joe Minerals, a coal and American mining company.

Seagram's purchase of Conoco shares is not going to be easy. The company is holding merger talks with a still unnamed oil company, and is widely thought to be a chemical giant like Monsanto or Du Pont, with whom it already has joint ventures. The Canadians also warn in their filing that the offer depends on "market conditions" and may not be pursued.

Stock shortages put a curb on rate of growth Videos record big sales

By Derek Harris, Commercial Editor

Mr David Johnson, chief executive of Rumbelows, part of Thorn EMI, which operates in television rental as well as selling electrical goods through a chain of 400 shops. He expects 12 million VCRs to be in use in Britain by the end of the year—and said that sales of pre-recorded tapes for VCRs has also turned sharply upwards in the past three months.

Although deliveries of colour television sets have been benefiting this year from a strong point in the replacement cycle, sales of domestic appliances such as washing machines and fridges, which recently showed some improvement, are now languishing again, Mr Johnson added.

A plea for the Government to think again on the planned phasing out of capital allowances on rented products including television sets was made by Mr Peter Gosling, chairman of the National Television Rental Association at its annual lunch yesterday. There could be a £700m cash flow loss to the rental industry during the course of this decade reducing the cash needed for investment in new products, he said.

Viewdata, the system used by British Telecom's Prestel, has been reprinted on capital allowances for four years, but Mr Gosling urged that the same dispensation should go to sets incorporating teletext as used by the BBC and ITV text broadcast system.

The rental industry potentially had a key role to play in developing the British market for new products in video, including VCRs and the video cassette recorder. Last year, and products like home computers. Such equipment was more complex and needed more servicing, problems for which rental offered a ready answer, Mr Gosling said.

While careful to make no commitment on the capital allowances question, Mr Reginald Eyre, Parliamentary Under Secretary at the Department of Trade, said the Government was aware of the problem.

Rumbelows yesterday announced improvements in their customer service guarantees and claimed that their commitment to improved service in the past two years had increased the company's market share by half.

Europe to take tough line on Japan trade

From Peter Norman, Luxembourg, June 23

Japan will come under continued pressure from the European Community to bring its trade into better balance, even though relations appear to be more cordial after this month's visit to Europe by Mr Zenko Suzuki, the Japanese Prime Minister.

After a meeting of EEC trade ministers here, Mr John Biffen, Britain's Secretary of State for Trade, said the EEC will adopt a "tough tone of voice" with the Japanese at next month's summit industrial summit in Ottawa.

Mrs Thatcher will represent the Community as well as Britain at Ottawa because Britain is taking over the presidency of the Community from the beginning of July.

Mr Biffen said: "The anxiety about the nature of the Japanese trade challenge remains." The EEC was looking for a "tangible expression" of Japan's willingness to reduce its huge trade surplus with the Community, he added. For the immediate future, the member states are keen to increase their exports to Japan and today they backed proposals for the Commission to set up a special office in Tokyo to help promote sales of European goods.

At Ottawa the EEC may try to set up a meeting between the United States, Japan, and the Community to ensure that trade between the three areas is not developing in a disruptive way.

It fears that Nissan, the Japanese car manufacturer, might not, after all, build a plant in Britain, were only partially allayed yesterday by a denial from the company that it was considering Belgium as an alternative European site (Rupert Morris writes).

A Nissan spokesman, while refusing a report that the company now favoured Belgium, said no final decision would be made until September.

The Government's understanding of the far from been the Nissan would decide by the end of July. It now seems that while the Japanese may well announce the results of their feasibility study by then, these will be non-committal, leaving the company room to examine other possibilities.

IN BRIEF BL brings case over exhausts

British Leyland asked a High Court judge in London yesterday to stop Armstrong Patents Company, the car components manufacturers, making replacement exhaust systems for BL cars.

BL's QC said that Armstrong did not have to design and develop the parts and, by copying them, could undercut BL, who had to recover those costs in the price of their exhaust systems.

Counsel said Armstrong would contend that it had not infringed BL copyrights, also that BL was using its dominant position in the market to prevent trade and was in contravention of the EEC treaty. The hearing continues.

Belgian steel merger

The merger of Belgium's two largest steel companies, which lost some \$300m (£150m) between them last year, is set to go through this week amid bitter controversy over the deal, which will cost some \$700m (£350m) of Government money. The proposed fusion of Cockerill and Hainaut-Sambre has threatened to bring down the Government, rekindled rivalry between the country's French and Dutch-speaking populations, and put Belgium's big banks visibly on edge.

£12m Co-op factory

A £12m factory at Shieldhall, Glasgow, was opened yesterday by the Co-operative Wholesale Society. The complex includes a highly automated soft drink plant, and a craft-based enterprises, including a printing works, upholstery workshops, clothing manufacturing, food packaging and a monumental masonry works. The factory is on the site of the Co-op movement's first industrial estate, opened in 1887.

Villiers investment

The National Research Development Corporation has invested £200,000 in Villiers, the industrial engine producers, in exchange for 10 per cent of the company's equity and £100,000 worth of preference shares. Villiers has also received a further £110,000 grant from the Department of Industry.

Shareholders' discounts

Debenhams, the department store group, hopes to launch a profit sharing scheme for employees and discounts for shareholders. A discount of 71 per cent on Debenhams goods is to be offered to shareholders who have held 500 or more ordinary shares for three months.

Hydro power scheme

The Central Electricity Generating Board and the Northumbrian Water Authority are to work together to build and operate a six megawatt hydro-electric power station on Kielder reservoir.

Power saving

The Government has appointed engineering consultants to carry out surveys in nine locations for a combined heat and power district heating programme to save energy at power stations.

Crude oil sales price

Oil Ministers from four African nations—Libya, Algeria, Nigeria and Gabon—have determined to maintain their crude oil sales price at present official levels, it was announced in Algiers.

Zaire gets IMF loan

The International Monetary Fund has authorized a loan of about \$1,060m (£530m) to Zaire. The money will support structural economic adjustments.

Wall Street higher

The Dow Jones industrial average closed 12.46 points up to 1006.66. The S&P 500 was 1.16169. The £ was 0.580120.

Uncertain dollar seesaws against mark and pound

By Frances Williams

The dollar seesawed on uncertain foreign exchange markets yesterday as investors tracked every movement of short-term interest rates in the United States.

It ended London trading down nearly 12 pence at DM2.325, having dipped below DM2.35 and surged to DM2.361 during the day. Its trade-weighted exchange rate index dropped 0.5 to 107.6.

The pound, which rose above \$2 at one stage, closed up 65 points at \$1.9990, its strongest since it was launched in 1979. The dollar was boosted late in the European day when the Fed drained reserves from the system while Fed funds trading at 16.1 to 16.4 per cent.

The French economy, page 19

Commodity trader sold to Arab bankers

By Peter Wainwright

Mr Eric Sosnow, who is 71 in August, is selling United City Merchants, the international commodity trading business which he built up after the war, in a £15m deal. The buyer is the Arab Asian Bank of Bahrain, originally set up by investors in Bahrain, Kuwait and Saudi Arabia.

It is mainly owned now by Arab Asian Investment of Kuwait, and the Bin Mahfouz family. They are the chief owners of the National Commercial Bank, the leading private bank in Saudi Arabia and one of the main commercial banks in the Middle East.

Arab Asian Bank investigated 90 commodity trading companies before identifying United City, and used its merchant banker's Orion Bank to set up a meeting between Mr Sosnow and Najadi, the Bahraini banker.

Lonrho's German move

By Richard Allen

Lonrho, the international trading group headed by Mr Roland "Tiny" Rowland, is to pay DM90m (£19m) for a half-share in Kuhnle & Nagel, the international transport services group.

The move comes as Lonrho is awaiting the outcome of the Monopolies and Mergers Commission's deliberations on two other takeover bids—for the

Whitehall men urged to gain experience in industry Shop floor civil servants

By Anne Warden

Civil servants should be expected to spend some time working in industry, according to leaders of business associations.

Mr Joe Egerton, economic director of the Association of British Chambers of Commerce, called for tighter scrutiny of Whitehall's skills.

"Top civil servants have no experience of industry," he said. "There is too little interchange between industry and the Civil Service. I think there should be a compulsory period spent out of the Civil Service to get much closer links between industry and public administration."

That way, Mr Egerton said, the "dead wood" could be weeded out of the Civil Service in mid-career.

His remarks came after controversy earlier this month over accountability training. Both Mr Egerton and Sir David Clutterbuck, administrative director of the Business Graduate's Association, agreed that too few students of a high enough quality were coming into industry.

Sir David said accountability was a specialized pursuit and felt a business school course was a way to see industry in the round. His association, with 2,700 members, was founded in 1967 by graduates who had experienced the American system of training and felt there was a need for changes in Britain.

Business training should be a special case, and loans for study should qualify for tax relief, he said, but so far this had been refused by the Government.

Over the past 12 years, banks had contributed a total of about £2m for business training loans. The cost of a year's training in Britain was between £2,000 and £3,000, compared with £5,000 elsewhere in Europe, and £10,000 in the United States.

Mr Egerton pointed out that accountability firms appeared to be tightening standards. Deloitte Haskins and Sells had asked 15 graduates to resign after failing examinations at the first attempt. But he added: "I should not think it makes much difference."

'Open Tech' concept endorsed

By Bill Johnstone

Two hundred representatives from industry, education and the trade unions, met in London yesterday to endorse the need for an "Open Tech" forum and to debate the concept prepared by the Management Services Commission.

The document outlining plans for the technology forum was published last month and is being used as the basis for debate before final proposals are submitted to the Government by mid-September.

Mr James Prior, the Secretary of State for Employment, opened the conference and applauded the idea, but did not commit the Government to any financial support of it.

The "Open Tech" will provide a forum for training the technicians badly needed in industry. In a joint statement at the forward of the consultative document, Mr Prior and Mr Mark Carlisle, Secretary of State for Education and Science, support the need for such training.

According to Mr Prior there is a yawning gap in the educational system which the Government believes could be filled by the "Open Tech".

Some reservations were expressed about the difficulties which could arise teaching such technical matter.

Charter Consolidated Limited FINAL DIVIDEND AND CONSOLIDATED PROFIT STATEMENT FOR YEAR TO 31 MARCH 1981

The board of directors has today resolved to recommend to the annual general meeting of members to be held on 11 August 1981 a final dividend of 6.6p per share in respect of the year ended 31 March 1981 (1980: 5p per share), payable to shareholders registered in the books of the company at the close of business on 10 July 1981 and to persons presenting coupon no. 33 detached from share warrants to bearer. With the interim dividend of 3.4p per share paid on 9 January 1981, the total dividend for the year will be 10p per share, equivalent to 14.2857p with associated tax credit (1980: 8.35p, including special dividend of 0.35p, equivalent to 11.92857p with associated tax credit). Dividend warrants will be posted out on or about 12 August 1981.

The following unaudited results of the company and its subsidiaries for the year to 31 March 1981 are issued for information in advance of the annual report and accounts which will be posted to members on or about 9 July 1981.

	1981	1980
Operating profit of industrial subsidiaries	8000	8000
Income from investments	14,468	19,790
Associated companies	6,680	3,840
Other investments	10,994	14,582
Retained profits of associated companies	17,674	18,422
Surplus on realisation of investments	15,416	13,465
Interest receivable	3,087	5,758
	64,650	63,639
Deduct:		
Administration and technical expenditure	4,504	3,601
Prospecting expenditure	531	629
Interest payable	5,874	6,990
	10,909	11,220
Profit before taxation	53,741	52,419
Taxation		
Charter group	11,524	12,125
Associated companies	7,197	8,627
	18,721	20,752
Profit after taxation and before extraordinary items	35,020	31,667
Deduct:		
Minority interests	1,786	3,659
Profit attributable to Charter	33,234	27,998
Earnings per share 31.7p (1980: 26.6p)		
Dividends of 10p per share (1980: 8.35p per share)	10,497	8,760
Profit for the year retained before extraordinary items	22,737	19,178
Add:		
Extraordinary items	49,336	57,030
Retained profit transferred to reserves	72,073	76,208

- Notes:
- In the last quarter of 1979 major changes in Charter's investments together with a capital reduction of £53.3 million took place under the scheme of arrangement. The results for 1981 are not directly comparable with the previous year.
 - Operating profit of industrial subsidiaries
 - The reduction to £14.5 million of the operating profit from the industrial subsidiaries reflects the loss of £9.4 million by Cape Industries automotive products division, the absence of profits of £2.5 million following the sale of Cape's mining division in June 1979, together with lower profits from MKK Holdings, Cape Industries building and insulation division and Charter's other industrial subsidiaries increased or maintained their profits.
 - Extraordinary items
 - These include the surplus on the disposal of Charter's 25.7 per cent interest in Selection Trust Limited to the British Petroleum group.
 - Current cost results
 - The current cost profit attributable to Charter for the year ended 31 March 1981 was £18.4 million (per share 17.5p). Notes explaining the basis of the first published current cost accounts will be included in the annual report for 1981.

By order of the board
CHARTER CONSOLIDATED LIMITED
D. S. Booth
Secretary
Registered Office:
40 Holborn Viaduct,
London EC1P 1AJ.
23 June 1981

PRICE CHANGES

Rises					
Adkins Bros	4p to 51p	Mercury Sees	8p to 251p		
Barclays Bank	8p to 433p	Nat West	8p to 386p		
Barclays Exp	7p to 343p	Ricardo Exp	25p to 495p		
Ferranti	10p to 525p	Sainsbury J	8p to 407p		
Lloyds Bank	15p to 393p	Unit City Merch	8p to 37p		
Falls					
Comm Rk Syd	10p to 373p	Lasmo	5p to 554p		
De La Rue	10p to 710p	Lee Cooper	6p to 145p		
Halma	4p to 114p	Mercantile Hse	5p to 799p		
Hestair	3p to 42p	MIM Elms	5p to 120p		
Husky Oil	3p to 700p	Westland Air	5p to 120p		

BY THE FINANCIAL EDITOR

City ethics and the law

The Council for the Securities Industry has attempted to hold the self-regulatory line with its statement on Insider Dealing included with the annual report. The idea is to redefine the scope of self-regulation in an area in which legislation has now made significant inroads. The CSI does this by outlining the narrowness necessary for defining any legislation which creates criminal offences and contrasting this with the broad consensus within the City about what constitutes unacceptable behaviour. Not included in the legislation, for example, and of specific concern to the CSI, would be market rather than company related information—as in the case of a fund manager who knows of a major stock market deal about to be done.

This, combined with the Stock Exchange Code for Directors which also goes beyond the legislation, is aimed at preventing a state of affairs in which only the law circumscribed behaviour. Both the CSI and the Stock Exchange are saying that the law is a safety net to catch the most flagrant misbehaviour while they reserve the right to censure legal actions which fall short of the general acceptance level of the City.

Whether this joint tendency to place a grey area of the unethical between the black and white of the illegal and the legal will succeed has yet to be tested. Cases will need to be established to show that the "general acceptance" referred to by the CSI is as real as it claims. The alternative would be the steady erosion of the unethical until only the law remained to restrict conduct and that would certainly be the death knell for self-regulation.

Meanwhile, the CSI has refrained from coming out against restricted or non-voting shares in spite of the steady thunder of disapproval which emanates from the institutions. The council has switched the emphasis by concluding that anybody wanting to buy non-voting shares should be allowed to do so.

To offset the indecisiveness implicit in this conclusion it points out that institutional support may well be denied a company which restricts its votes and it calls for clearer labelling of non-voters. It is a lame conclusion ordinary shares ought to be inextricably linked to proprietary interest and that principle is unaffected by the freedom of choice argument adopted by the council. The lameness, however, has been made substantially less flagrant by the huge diminution in the number of companies with non-voting shares under the force of circumstances.

Charter Consolidated

The transition continues

Transformed 18 months ago from a mining finance house with a disappointing track record to a highly liquid industrial holding group, Charter still has something of a credibility gap in front of it before it convinces the stockmarket that it really knows where it is heading, and that it is capable of using its cash to get it there. Those reservations help to explain yesterday's 3p drop to



Dr Alfred Spinks, chairman of Charter Consolidated.

238p in the shares after early enthusiasm for the 20 per cent rise to 14.5p in the gross dividend had pushed them up by some 8p.

As it is, with the group tied to the industrial rather than the mining cycle, pretax profits up from £52.3m to £53.7m in the full year are not too disappointing, although the main cushion has been the near 50 per cent jump to £9m in interest received on the cash it received from the sale in September of its stake in B2. This disposition of the profits is also heavily slanted towards sharedealing profits. That said, the damage in the industrial companies has been restricted to Cape Industries and MKR; associated company income has been

boosted by good results from Anderson Strathclyde and Johnson Matthey. Income from gilt holdings has been more than offset by the loss of investments following the restructuring and the contribution here is down from £14.6m to £11m.

With more than halved minorities and a lower tax charge now that the group is taking advantage of the Cleveland Potash write-offs, attributable profits are 19 per cent up at £33.2m to leave the dividend covered more than three times and almost twice on current cost figures. Dividend-paying capacity is of course flattered by equity accounting but the underlying earnings are no more than a third lower than the stated 31.7p a share, and the old advanced corporation tax problems have disappeared.

Meanwhile, Charter still has around £70m in the kitty, most of which will go in broadening its existing interests rather than moving into new areas. The group is reasonably confident of some earnings improvement in the current year, with a 6 per cent yield and selling at half asset value the shares look cheap if Charter is regarded as an investment trust, but not otherwise.

Hambros

Growth outside banking

Hambros' shares have doubled in the past year largely on the back of the 45 per cent stake in Hambro Life, which itself has performed so well on the stock market, but there was still encouragement to be drawn from yesterday's good results and with the news of the five-for-one share-split, Hambros added another 50p to 940p.

As already disclosed, Hambro Life has contributed over a third more at £4.3m in the form of dividends and together with the dividends from associated companies—mainly Berkeley Hambro Property—which have had a better year, this was enough to cover the cost of Hambros' own payout to shareholders of £4.8m, representing a 36 per cent dividend increase.

The major surprise in the figures, which reveal an increase in net profits before investment gains and extraordinary items from £9.8m to £15.3m (was the improvement from the non-banking subsidiaries. Although the diamond interests had a rough year, this has been more than offset by higher profits from leasing—partly due to lower deferred tax provisions—and a full year from the advertising agency Collett Dickinson Pearce and the non-banking subsidiaries improved from £1.9m to £4.7m.

As for the banking side, which has been steadily declining in importance to the rest of the group, in recent years, disclosed profits have risen by a respectable 35 per cent to £4.2m, helped by high interest rates and good results from both foreign exchange and corporate finance. A full year without interest on some Norwegian shipping loans has been a drag on profits, but at Hambros is confident that it has provided fully against all the eventualities here.

Of course the group's market value takes little note of the banking side anyway, and with a yield of 3.4 per cent, the main influence on the shares for the moment will continue to be Hambro Life, which is still making good progress.

● Has the tide turned against S. & W. Berisford in the battle for control of British Sugar Corporation? Almost a fortnight ago the bidder looked to be home and dry after a market raid took its shareholding above 36 per cent. Subsequent acceptance of its 335p a share cash offer took it to 39.3 per cent leaving Berisford needing less than two million shares to reach the 42.56 per cent level at which the Government has agreed to pitch in its 24 per cent holding.

But with BSC's advisers, J. Henry Schroder Wagg, today stumping up its own cash—almost £7m so far—to buy BSC in the market and thus keep the price out of Berisford's reach, Berisford has a real struggle on its hands. Yesterday, Berisford converted acceptances in respect of 330,000 shares into firm purchases at the bid price but it has made no further real headway since last Friday, when it acquired 250,000 shares.

Since those shares came in one door of County Bank, however, a total of 121,000 have gone out of windows in the form of revocations of previous acceptances. Schroder Wagg is now resigning as a reminder to shareholders of their right to withdraw to further undermine the bid. All of which points to a nail-biting conclusion for Berisford, whose final closing date is July 1.

Charles Hargrove interviews M Jacques Delors, the Minister of Economy and Finance

The moderate radical in charge of the French economy



"The occasional carrot and, if that does not prove sufficient, the stick..."

Paris. If the run on the franc has been checked, and a crash on the Paris Bourse averted, it is thanks to the presence at the Finance Ministry of M Jacques Delors, a man who started life after the war not as a graduate of the renowned training ground for French mandarins, the Ecole Nationale d'Administration, but as a junior employee of the Bank of France with a mere bachelor's degree in economics in his pocket.

For thousands of bankers and businessmen, industrialists and managers of medium and small enterprises worried by the left turn taken by France on May 10, and for the huge army of modest French capitalists, with a few savings to their name, Jacques Delors has in four weeks of the Socialist Government become synonymous with moderation and common sense.

He has, in fact, in a remarkably short time become a sort of Raymond Barre of the left. He is himself critical of the policy ofiscard d'Esting's last Prime Minister because, as he says, it sacrificed employment and investment to the defence of the fundamental economic equilibrium, but did not, for all that, succeed in curbing inflation.

Mine is a different cocktail from Barre's, different both for social reasons—it involves more solidarity and struggle against unemployment—and for economic reasons; it was impossible to remain in a situation where investments declined, especially in a period of intense economic and technological change.

M Delors described himself as a pragmatist. "I take what is good where I find it. I am for what the Anglo-Saxons call a 'policy mix'—in the context of a mixed economy it is the reality of the present situation. We have economies which try to combine—badly rather than well these last years—market forces and state intervention. No one in Western Europe has proposed, not even Mrs Thatcher, to do away completely with the one or the other."

"We live in a mixed economy. Let us not have the hypocrisy of saying: there is the scapegoat. Simply, it operates badly. Let us try to make it work properly."

Is it not an impossible gamble to pursue a policy of social progress in times of crisis like the present? M Delors says that the new Government's policy is not social progress as such, its aim is to give a little more to those who do not have enough, by taking it from those who have a little too much.

"We do not intend to pay people in monetary money. We do not think that it is possible in present circumstances to achieve the global social progress of the scope which could have been carried out and was by the most advanced social democratic regimes. We are too aware that the situation has changed."

But is it tolerable that there should be in France a minimum wage which is 20 per cent inferior to the German or Dutch one? It is possible, in M Delors' view, to have more solidarity without endangering the fundamental equilibrium. "Naturally, the path is

narrow. It is much more difficult to achieve what the previous government set out to do. But the other path is just as narrow, since it increases the chaos of unemployment.

"Even by sacrificing employment, Barre could not reduce the rate of unemployment of 8 to 10 per cent of the active population, a pervasive evil which will gradually corrode our societies if we do nothing about it."

M Delors says that the Socialist Government found a rate of inflation of more than 13 per cent when it came to power. Any improvement in the standard of living would come much more from a deceleration of the trend in prices than from a rise in nominal incomes.

The new Government has three strings to its bow to combat inflation. The first is a macro-economic policy

which he calls the policy mix, which will not put excessive pressure on any economic lever. "We must get out of this dichotomy of either putting on the brakes or refuelling. It amounts to stop-go the favourite theme of British economists. Now we have stop-stop."

The second is competition. M Delors means to improve the conditions of competition in France and will propose next year a reform of the legislation on it, to give the law more teeth.

The third string is consultation, with employers' organizations, wage-earners, and with professions. "It means a lot of getting down to the gritty-gritty, the occasional carrot, and if that does not prove sufficient, the stick. This is economic policy," he says with a smile.

M Delors is adamantly opposed to devaluation of the franc or an adjustment of parties in the European Monetary System. "The franc at its present

rate guarantees the competitiveness of the French economy better in some markets, less well in others. But globally it works. The flow of exports is very good, considering the world economic situation."

M Delors has made it abundantly clear in the past that he is personally not at all enamoured of nationalization, especially of all banks and credit. He says that the President and Prime Minister will probably state the Government's policy on nationalization clearly at an early stage and will not be drawn further on the matter.

"But I would simply say... without wishing to offend anyone, that you appreciate the distance which separates French Leyland from Renault. We want to have more Renaults. It is the difference between an industrial policy which succeeds and one which does not."

The objective of nationalizing the banks was to have "a policy of credit and of financing of the economy which is effective and responds to the many sided needs of an economy of the move. That is the true finality of our policy. It is not the juridical status. At the same time we have to take into account that fact that our banks, national and private, have done very positive things and inserted themselves into the international economy with a certain degree of success."

France cannot be more royalist than the king and set herself targets of growth and investment, necessary to reduce unemployment, which are unrealistic, says M Delors. But he had, before the Socialist government came in, been heading for a minus growth rate. It is now a case of easing the tiller.

The reflection measures already taken by the Government have not been common with the reflection at all costs which M Jacques Chirac introduced in 1975, with disastrous results. They are a limited anticipation of the recovery of the world economy which the experts foresee for the end of this year or the beginning of the next.

"I would be very satisfied if I could reverse the trend of our economy," M Delors insists, "and achieve a growth of 0.5 or 1 per cent this year, and perhaps 3 per cent next year."

Thanks to the moderation of the government's drive against inflation measures—the increase in wages and allowances; the financing of industrial investments and creation of more jobs in the Civil Service; and support measures for medium and small firms—which had been "weighed in a pile of apocalyptic scale," M Delors says, and thanks also to the assurances he has given publicly about the future of the capital and shares market, and the remuneration of savings bank accounts, a climate of confidence has, he thinks, been created.

The Government has survived its first four weeks in power without the predicted catastrophes. This was no small achievement. Only a few days ago, after consultation with him, the banks had decided to do their bit, and to make their own soft loans available to small and medium firms which were faced with financing difficulties. "If we are not yet in the 'Sea of Tranquility', we are no longer in the 'Sea of Distress'," he reflects.

Last chance to end Europe's steel industry chaos?

A failure to reach agreement could well postpone further discussions at ministerial level until September. Everyone agrees that would be disastrous

good for the customer, but ruinous for the producer. This is despite the Commission's attempts to bring some order to the chaos by the application of article 58 of the European Coal and Steel Community Treaty, whose requirements are mandatory. These measures limit production and set minimum prices for key products.

Over the past few months through their "club" Europe, the big integrated European producers have attempted to hammer out a voluntary pact between themselves and the mandatory regime from the beginning of next month.

The sceptics have been proved largely correct in their assessment of the producers' ability to work out a pact acceptable to the Commission. After all the haggling and arguing behind closed doors, the only products which will

move from mandatory control to voluntary production ceilings will be heavy plate and heavy sections. To gether they account for 20 per cent of EEC finished steel output.

Hot rolled coil, a key product, was in any case already destined to continue for another year under mandatory control, but because of failure to agree, Article 58 controls will continue on wide roll, merchant bars and reinforcing bars for a further period.

As part of the survival package, the Commission is also proposing to extend the existing price surveillance machinery from the producers to steel traders and stockholders. Every one will be required to lodge their price lists with the Commission. Those who are detected attempting to circumvent the price-policing machinery will expose themselves to a fine equivalent to 1 per cent of turnover for

merchants and three times the value of the transaction in the case of producers.

Whatever their other differences politicians and steel-makers alike recognize that the only hope of immediate salvation lies in their abiding raise prices by at least 10-15 per cent, certainly by the end of this year.

But overlaying the short-term measures to stabilize the market is the political argument of the reduction and eventual elimination of state aids to the steel industry. British officials and ministers (who have over the past year supported the British Steel Corporation's rundown of capacity with £1,100m of help) believe that the political pressures to reach some sensible arrangement on state aid have become very compelling.

Capacity reductions are now taking place elsewhere in Western Europe, in Belgium and in Luxembourg; and Britain can point to substantial progress it has already made.

It is in this area that the discussions will drag on. The West German approach is that ending state aid would lead to the market itself sorting out

the problem. While attractive theoretically to the British Government, this does not take account of the new French Government's view. This is that if the steel industry is to contract, then proper provision must be made to deal with the social consequences.

At their last meeting earlier this month the ministers agreed unanimously that governments should not agree to new aid schemes after mid-1983, but left unresolved the question of how long payments should continue after that point. Britain supports a cut-off at the end of 1984 and will press for a decision on a termination date before the end of the year.

But the new card in the Community pack is M Pierre Joxe, the French industry minister with whom the British have already had informal talks on the steel issue. The French Government is to extend state ownership to the whole of the French steel industry.

The impression created so far is that the French recognize the need for prices to be raised and for further restructuring, but the social consequences (further redundancies and the need for Community contributions to cushion the effect of those redundancies) are bound to loom large in the French minister's submissions.

The discussions today are likely to be both long and arduous.

Peter Hill

Business Diary: Pots black • Talking shop in Camden

I had not met until yesterday a West Riding man who had opened a factory in Lancashire and lived—both Colin Rawson is just such a man.

Rawson is the executive chairman of Hornsea Pottery, which has about 300 people potting away in Hornsea, on the Yorkshire coast between Bridlington and Hull, and the same number at a second Hornsea pottery across the Pennines, not only in Lancashire but in the county town itself, Lancaster.

He explained to me that the plant at Hornsea, established in 1949, makes money not only from selling its "firsts" through stores like Debenhams, but through selling off the "seconds" to the tourists encouraged to visit the pottery. When it came time to expand the operation, Rawson told me, it sounded a good idea to keep the existing pottery small enough to be "human" and to place the new plant far enough away as "not to be in competition with ourselves".

Enter the cheeky burghers of Lancaster, who in cooperation with the local university sold the Clocktavern boy, and brother Desmond, a site near the town.

Between them, the two Hornseas now pull in about 1.5 million visitors a year, Rawson tells me. They buy £2.3m worth of second a year.

Rawson gave me a good tip.

Seconds are sold for between a quarter and a third off. In midsummer, the height of the tourist season, Hornsea has got through the seconds it built up over the winter and has to feed in firsts at the same price.

That is not a bad idea, when you think that a teacup and saucer in the newest Hornsea tableware line, Ebony, can cost £3.40. Rawson was in town for the launch of Ebony, which was designed by the Marquess of Queensberry's Queensberry Hunt partnership, and is now to be sold by Debenhams.

An Ebony service would have made a good present from Debenhams for Sir Anthony Burney, whose seventy second birthday it was earlier this month.

But then of course, the stores group is not really on those terms with Sir Anthony, their former chairman. He stepped down just before Christmas and after a newspaper article, in which he described some Debenhams' stores as "like bazars" and some of their contents as "junk".

The marquess responded yesterday to what he evidently regards to below-the-belt criticism of the Royal College of Art, where he is professor of ceramics. The colleagues, he said, were not "a lot of academic whinies". All his Queensbury Hunt people were ex-RCA and "completely committed to industry".

● Twenty years ago, when Reginald Maundling officially opened the Russian Shop in Holborn, Britain's foreign trade was rather healthier and its trade missions less hard pressed than they are today. John Biffen, the present Trade Secretary, had accepted an invitation to speak at the shop's twentieth anniversary celebrations yesterday, but at the last moment had to wing off to Luxembourg to discuss the threat of Japanese exports.

He left his wife Sarah, in a pretty Tory-style flowered hat, to receive a bouquet and a letter bemoaning the fact that while Britain had been the Soviet Union's largest trading partner in the West in the early 1960s we now ranked only sixth.

Biffen's letter was so impressive about the reasons for this, seeming to exonerate both governments, that Kenneth South, managing director of the Russian Shop said he felt almost that it must be his fault.

But Victor Popov, the Soviet ambassador, cheered him up with an impromptu speech which, while mildly critical of the shop's name ("It reminds me of the Ukrainian, the Armenian and the Jew who were called the Russian delegation") added that the Russian Shop was very popular with Russians, too: "We tend to send our finest goods here, so



Where Russian shoppers do not score a Muscovy duck: the Mayor of Camden, Mrs Maureen Robinson, and the Soviet ambassador, Victor Popov, at the Russian shop in Holborn, London, yesterday.

when people from my country visit London they like to come and buy things here. Sometimes they are not so easy to find in Moscow."

Popov said that from his unbiased point of view it was "the best shop in London—and something like a national gallery and very beautiful museum, too".

The mayor of the "red



...borough" of Camden, Maureen Robinson, welcoming the guests, said that they were proud to accommodate both the shop and the Soviet Trade Delegation. Her own children, she vouchsafed, went to school with some of the Russians. She did not mention the borough's official link with the Soviet Union—Karl Marx's grave in Highgate Cemetery.

Walking by the Economist's Bookshop behind the London School of Economics, I stopped to look at the table of recommended books outside.

There I found The Conservative Opportunity, edited by Lord Blake and John Patten, down from £3.95 to 60p. I settled instead for La Roche's *Marxism*, down from £2.50 to 50p (but likely to outlast the other tome).

Thatcherphobes might like Maxim 340: "Most women's

wits are employed in buttressing their folly rather than their reason." But moderates might prefer 623, which could be given an economic twist: "To preserve one's health by too strict a regimen is in itself a tedious malady."

I walked on back to the office, meditating whether La Roche could fairly be described as one of history's first "wets", but the thought gave way to relief that neither of my own books was on the recommended tray. Come to that, I did not see them on the shelves inside, either.

You have heard of dealers in secondhand cars; you have heard of dealers in used cars; well, there are more genteel than that in the West End. Warwick Wright Motors showroom on Piccadilly has a board listing "selected pre-owned vehicles".

Ross Davies

Silentnight Holdings

DIVAN BEDS, UPHOLSTERY AND FURNITURE

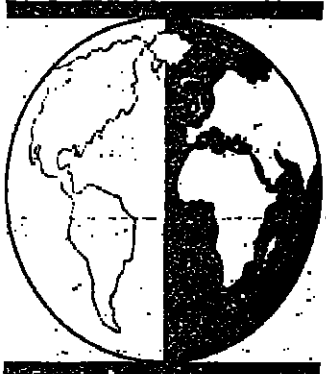


"The first four months of the new trading year indicate record levels of profit and productivity and there are very firm indications that the first half of this year will prove the best ever"

Tom Clarke, Chairman

Year to:	Jan 1981	Jan 1980
Turnover	£9,000	£7,000
Profit before Tax and extraordinary items	65,926	64,450
Earnings per share	3,038	3,973
Dividend per share	9.8p	13.2p
	3.5p	3.0p

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West Midlands anger at rate rise plan

By Clifford Webb, Midlands Industrial Correspondent

Brazil aims for 30 pc exports rise

Brazil has launched a campaign to open new markets in Asia, an effort that could bring stiff competition with Japan.

The country is attempting to open new trade links with China and Brazilian commercial missions are looking for orders in Sri Lanka, Singapore, India, and the Philippines.

Senior Paulo Tarso Flecha de Lima, Brazil's chief of trade promotion, said that trade with Asia was fundamental for Brazil, which is striving for exports this year of \$26,000m (£13,065m), 30 per cent more than last year and double Brazil's 1979 foreign sales.

The export push comes at a crucial juncture for Brazil, which has a foreign debt of \$60,000m.

S African trade

South Africa's trade balance deteriorated sharply in May 1981, according to figures released in Johannesburg. The trade deficit widened to R4 340m (£172m) in May from R4 84m (£197m) in April and a surplus of almost R4 600m in the first three months of the year.

Third World funds

Opec has decided to maintain a voluntary system of contributions to its international development fund. The fund was established in 1976 to channel surplus oil earnings to the Third World and in theory has total approved resources of \$4,000m (£2,010m).

Aramco record

Production by the state-owned Aramco oil company of Saudi Arabia was a record 3,500 million barrels in 1980. Production averaged 9.6 million barrels a day.

Saudis maintain output

Saudi Arabia does not intend to cut its oil production for the time being, despite a global glut of crude oil, Japan's Kyodo News Service reports.

Brazil lay-offs

Brazil's second largest car manufacturer, a subsidiary of the United States General Motors, has laid off 1,300 workers as a result of falling sales.

Russia cuts oil price

Russia has reduced its oil price to Finland from \$38.5 to \$36.5 a barrel. Finland gets two-thirds of its oil from the Soviet Union.

\$40m Airbus loan

Malaysian Airline System has signed a \$40m (£20.10m) multi-currency loan with Midland Bank International and Samuel Montagu to purchase a further A300B4 Airbus.

Tax hits car sales

Japanese vehicle production fell 13 per cent to 894,554 in May from 906,601 a year earlier. Domestic vehicle sales declined sharply because of a commodity tax rise.

Pakistan food loan

Pakistan is raising a \$150m (£76.5m) 15-month syndicated loan to finance food and other commodity imports. Banks have been reluctant to offer long-term loans because of doubts about the nation's long-term economic strength.

Midlands industrialists yesterday reacted with alarm and anger to the news that the Labour group which recently took control of the West Midlands County Council is planning a further big increase in rates to pay for the promises made in its election manifesto.

Mr John Black, president of Birmingham Chamber of Industry and Commerce, said if the council went ahead with plans for a 28p in the pound supplementary levy in the autumn it would be the final blow for many businesses which were already struggling to meet the huge increase imposed in April.

In the case of Birmingham City Council the increase amounted to 31.5 per cent.

"The chamber wishes to leave the leaders of the county council in no doubt that so far as industry and commerce are concerned enough is enough," he said.

"The private sector is sick and tired of cussing public sector jobs when so many companies have had to lay off skilled and experienced employees of many years' standing."

"The country must be in no doubt that the surest way of hastening the demise of many local firms is for it to press ahead with its plans for raising extra money this autumn."

Industrialists have been trying to arrange a meeting with the county council since before the local government elections last month.

They had hoped for a constructive session at which they could talk about the reduced ability of businesses to carry the bill for local services in the depths of a recession.

A meeting was set for June 8 by the former Conservative administration, but Labour leaders cancelled it saying that the best they could offer was a date in September.

In the meantime, the chamber has set up a working party to report urgently on alternatives to rates, the streamlining of selective tiers of local and regional government structures, industrial derating and legislation to establish a rates increase ceiling.

Yesterday Mr Black admitted that the working party's findings would come too late to influence the county's proposed supplementary rate.

"We are left with little alternative but to give the county a public warning that industry is not a bottomless well of money," he said.

"It is high time that local authorities realized that irresponsible action on their part directly threatens the industrial fabric of this region."

Labour plans to spend an extra £30m on a 25 per cent cut in bus fares and the restoration of reduction in public transport and highway maintenance.

But by far the most controversial move is the setting up of a West Midlands Enterprise Board—a mini National Enterprise Board—which will be provided with considerable funds to encourage and back industrial projects aimed at creating jobs in the area.

Mr Michael Heseltine, Secretary of State for the Environment, has already announced a 75m cut in grant aid because of council overspending on the existing budget.



Father of Quads: Mr Peter Walker with his new electrostatic loudspeaker

New speakers give added dimension to hi-fi Tuning in to depth

By Pearce Wright, Science Editor

The hi-fi world is tuning in to a new idea in music reproduction, based on an invention of a small private company in Huntingdon, Cambridgeshire, which for 25 years has specialised in developing equipment designed specifically to satisfy the most discerning ear.

The apparatus, which is the latest invention of Mr Peter Walker, the founder of Acoustical Manufacturing, is intended to give the listeners the impression of "depth as well as width" in the sound that they hear.

This notion of depth comes from an ingenious electronic sleight of hand whereby the sound, from a stereo pair of loudspeakers, appears not to emanate from the whole surface of the loudspeakers but from a point source some 12 inches behind them.

According to hi-fidelity critics, who have attended trials, the listener cannot ascribe the source of sound to the speakers. When orchestral pieces are played, this gives an illusion of depth as well as width in the sound.

For the best part of 25 years, Mr Walker's range of equipment, derived from what is known as the Quad ESL (electrostatic loud-

speaker), has held a unique position with little challenges in this remarkably competitive field. In all electrostatic speakers, a very light, flat diaphragm is stretched between a pair of perforated electrodes, like the filling in a sandwich. The diaphragm is made from a material with a high electrical resistance that can accumulate a high static voltage, while the electrodes receive the audio signal.

Interaction between the static charge and the changing audio signal causes the diaphragm to vibrate and produce sound.

The cleverness of new Quad speakers comes in the way the electrodes are arranged as concentric rings and the way these receive the audio signal through a system of electronic delays.

By carefully juggling with the arrangement of these delays, the diaphragm reproduces the sound waves in the same pattern that would be followed if they originated from an "ideal" point source, thus creating an outwardly expanding sphere of sound.

Each of the loudspeaker systems will cost about £1,000.

Giro banks on the countryside

By Anne Warden

The Post Office's National Girobank is launching a campaign that could help revitalize aspects of Britain's countryside which are in decline.

The campaign to remind people that the Giro banking service exists, even at the smallest rural sub-post office, could save jobs for sub-post masters and by extension, local bus and rail services.

Mr Sam Wainwright, Girobank's managing director, said yesterday in Shrewsbury.

He felt Girobank could fill the gap left by branches of other banks which had closed down because of falling trade.

More than half the Post Office's 20,000 branches were in the countryside and their role was a basic one in helping to maintain the social fabric in rural areas.

Post Office executives say that like many organisations

and individuals interested in preserving rural life, Girobank is concerned at the trend towards rural decline.

The Post Office and Girobank recognise their special responsibility, they say, in helping to maintain the network of rural post offices as well as larger ones, because of the range of services they provide to country areas.

Girobank has chosen Shropshire as the ideal example of a typical English rural county.

The campaign will feature stickers, advertisements, leaflets and badges. It is expected to spread from Shropshire across the country, one or two counties at a time.

Girobank began 13 years ago as a separately managed business within the Post Office, and since then it claims to have won nearly a million customers.



Mr Wainwright: campaign could save jobs

Canada's reactor programme still slow to boil

From John Best, Ottawa, June 23

CANDU, the Canadian nuclear power reactor regarded here as the ultimate symbol of Canadian technological achievement, needs all the selling it can get. Because of the reactor's dismal performance on the world market, its future and that of the industry which it leads is under a black cloud, as are about 30,000 jobs which directly depend on the nuclear power industry.

The Canadian government, which has invested in CANDU more than Can\$2,000m (£833m) in research and development funds alone, has launched an all-out effort to increase foreign sales.

So far only five CANDUs have been marketed commercially abroad, and the last order—from Romania—was confirmed four years ago. Yet overseas sales are the key to a healthy domestic industry.

Currently, one full-scale power reactor can fetch around Can\$1,000m.

Cabinet ministers and other federal officials are travelling widely to try to drum up more business, with special attention being focussed on Mexico, Yugoslavia is also regarded as a prospect, as are Russia and South Korea, both of which have already bought one CANDU.

Canadian salesmen would



A CANDU reactor: safeguards may have prevented foreign sales

also like to gain access to the British market, but both countries have looked at CANDU in the past and opted for some other design.

CANDU, which uses natural uranium as a fuel and heavy water as a coolant, has only about 5 per cent of the world reactor market, which is dominated by light-water reactors, especially the pressurized-water reactors sold by the United States.

A recent report commissioned by the Canadian nuclear indus-

try urged that the government should join with industry in trying to raise CANDU's global market share to 20 per cent, but this would require policy changes that the government may not be prepared to make. It would, for example, almost certainly demand federal government subsidies in the form of concessional financing arrangements to cover the reactors themselves. Canadian-supplied heavy water, and possibly Canadian-supplied

Although Mr Allan MacEachern, the finance minister, recently pledged that Canada would not be victimized by its predatory pricing policies of its competitors, he also made clear there is a limit to government munificence towards the industry. "We now have a mature technology which to an increasing extent will need to become self-sustaining," he said.

While lack of foreign sales has badly hurt the industry, CANDU has not been a huge success at home either, Canada's

most heavily industrialized province, Ontario, now gets 30 per cent of its electricity from nuclear power, and plans are afoot to boost this to 50 per cent. Of the other nine provinces, only Quebec and New Brunswick have limited CANDU-based nuclear power programmes.

But as a result of the drying-up of business, both at home and abroad, Atomic Energy of Canada Ltd (AECL), the Crown-owned agency, has been forced to close down several heavy water plants.

The recent industry-commissioned report called for a fundamental restructuring of the system, with a manufacturing vendor at the centre. But even if all the financing and structural problems suddenly disappeared, CANDU would still be handicapped in world markets by government-imposed safeguards aimed at preventing the export of its waste products from being used to make atomic weapons.

Pressure is mounting on the government to relax these safeguards, regarded as the toughest maintained by any nuclear-supplier country. They are believed to have been largely responsible for AECL's loss of more than Can\$100m in follow-up orders from Argentina two years ago.

Dealers in Far East fear market collapse

From Our Correspondent

Kuala Lumpur, June 23—Speculation buying in the Malaysian and Singapore stock exchanges has pushed the indices to all time highs, and brokers and others, worried at the way gamblers are dominating the exchanges, fear a crash like the one in 1973.

Brokers warn that share prices, pushed up by others, but at a time when the professionals are preparing to unload their shares.

Despite close supervision by authorities in the two countries, the stock markets can be and are being manipulated by small groups of wealthy investors, those familiar with the market say.

And when these gamblers got out of the market in 1973, share values were pushed down so sharply that many small investors had their fingers burnt.

The two stock markets are run separately, with shareholders of the two countries common to both, and they have separate indices. The yardstick in Singapore is the Straits Times index, which has an all time high of 949.72 last week, while the Malaysian New Straits Times index followed the trend at 1594.76.

The total weekly turnover of both exchanges now amounts to 80 million shares with a value of about 400m Malaysian dollars (about £80m) and this has doubled in under 18 months.

Stocks are being purchased without any thought to their intrinsic values.

The demand for shares in Hongkong, with its bullish market, gives an impetus to the local markets and helps in the chase for shares here. Brokers said this week that sales in several countries here have been "so fast and furious" that there may just not be enough scrip to go around—an admission that many investors are selling short.

City watchdog revises insider dealing code

By Bryan Appleyard

The City's main watchdog, the Council for the Securities Industry, has produced a revised code to cover insider dealing.

The code is the CSI's second major statement on the issue. The first was in 1978 when it published guidelines with its first annual report. That statement was regarded as temporary pending the enactment of legislation which made insider dealing a criminal offence in certain cases.

Now the legislation has been passed, the CSI felt the time was ripe to lay down guidelines covering conduct which could be condemned as unethical, even if it falls outside the scope of the new law.

These state: "It is contrary to good business ethics that an individual holding a position of trust should use confidential information for his personal benefit."

This means the CSI has drawn a wider definition than the legislation. It includes, for example, a fund manager who knows his fund is to make a large stock market transaction and deals personally on that basis.

Because of the damage inflicted on public confidence in securities markets by insider dealing, the code says insiders should not deal in any securities if they are in possession of price-sensitive information.

The CSI code endorses the Stock Exchange Code for Directors, published last April, which also goes beyond the unsteady dealing legislation in laying down unethical areas.

The CSI's report comes out against any diluting of non-voting or restricted voting shares, pointing out that investors wishing to buy such shares should be allowed to do so.

Financial Editor, Page 19

Business appointments



Mr David King, of Abbey Life (left), and Mr Charles Sanderson (centre) and Mr Roger Leach, of Thomas Witten.

New president named for Welding Institute

Sir Denis Rooke, chairman of the British Gas Corporation, has become president of the Welding Institute.

Mr David King is now deputy chairman of Abbey Life Assurance Company.

Mr Roger Leach, who joined the Thomas Witten board earlier this year, has become managing director of the newly-formed carter division.

Mr Charles Sanderson has joined Carport Division as sales manager. Mr John C. Kneen has been made an assistant managing director of Christie-Tyler.

Dr Günther Vlemm is the new managing director of Easton, the British subsidiary of Eaton Corporation.

Mr Peter Orchard is now a non-executive of Delta Group.

Mr Ivor J. G. Davis, comptroller-general of Patents Designs and Trade Marks in the United Kingdom, has been elected to the chairmanship of the Administrative Council of the European Patent Organisation.

Mr Bryan C. Read has been elected president of the National Association of British and Irish Millers.

Mr David Mowl has been made production director of Drewry and Edwards, a subsidiary of Reliance Knitwear Group.

Mr William R. Henry has become chairman and Mr J. Raymond Johnston deputy chairman of Scottish Amicable Life Assurance Society.

State shipbuilder brings out new safety vessel

By Our Industrial Staff

British Shipbuilders, the state shipbuilding corporation, now awaiting the outcome of the Government's defence review, yesterday announced a new ship design for the offshore oil industry.

It is a purpose-designed, stand-by safety vessel which BS claims, is far in advance of anything similar.

The corporation believes there will be a growing demand for this type of ship both in the North Sea and in other exploration areas. It expects

there will be a requirement for large purpose-built ships to replace existing vessels, which are mainly converted trawlers with a limited life.

At a likely price of about £2m, the new design, the Vigilant, has been developed by Cleland Shipbuilding, one of the small yards within BS. It is based on stern trawler lines.

The vessel will be able to pick up and care for 300 men and will incorporate facilities to provide for intensive care. It will also have fire-fighting and anti-pollution capabilities.

HARGREAVES GROUP

- Pre-tax profit for the year to 31st March at £2.5 million reflects very difficult trading conditions.
- Proposed final dividend of 1.15p per share brings total to 2.75p per share covered 1.7 times. Plans to return to previous dividend levels at earliest opportunity.
- Strong and liquid financial position backed by more competitive organisation prepared to benefit immediately from any upturn in the economy and to return to a period of renewed growth.



Copies of the Report and Accounts are available from the Secretary, Bowditch Hall, Bramham, Wetherby, West Yorkshire, LS23 6LP. Telephone: Boston Spa 843535.

Commercial vehicle distribution; fertilisers; fuel oil and solid fuel; plant hire; quarrying; transport and shipping services; waste disposal and contracting.

OTTOMAN BANK

Notice is hereby given that a DIVIDEND at the rate of £3.75 per Share, voted at the General Meeting of Shareholders, held on 23rd June 1981, will be PAYABLE on and after 3rd July 1981, in London at 23 Fenchurch Street, E.C.3. The Coupon to be presented is No. 108. The holders of Founders' Shares will receive an amount of £417.95 per whole share payable on the same date and at the same place, against presentation of Coupon No. 51. Coupons must be listed on forms, which can be obtained on application, and left five clear days for examination before payment.

MARKET REPORTS

Commodities

[illegible]

Discount market

It was a surplus day for the market, but money was slow to appear.

Rates for secured money held 10½ per cent throughout the morning. It was not until the afternoon that some cheaper money was to be picked up. Rates at which houses ruled off for the day varied within a band of 8 per cent to 10½ per cent.

Foreign exchange report

Further losses were sustained by the dollar on foreign exchanges yesterday, although closing levels were above the worst. The pound finished with a gain of 65 points to 1,589 in terms of the dollar. The effective exchange rate index rose another 0.4 to 96.1.

The overnight decline in the Fed funds rate set the dollar on a downward path at the outset, and the early part of the afternoon saw the Eurodollar rate eased. Fed funds

traded down, to around 161 per cent, at which time the Fed intervened to drain off surplus liquidity.

German marks firmed from 2.3695 to 2.3572 and Swiss francs advanced from 2.0360 to 2.0335. The French franc rose from 222.40 on the French franc on fears of Communist participation in the new Government, and the franc fell from 5.5400 to 5.5875. The dollar rose from 222.40 to 221.70.

Wall Street

New York, June 23.—Stocks on the New York Stock Exchange closed higher with the index up 0.83 to 77.42 and the average price per share up 36 cents. The Dow Jones industrial average rose 12.46 to 1,006.56. Advances led declines by 969 to 575 and volume rose to 51,840,000 shares from 41,790,000 on Monday.

Sterling: Spot and Forward

	Market rates (US\$ per franc)	Market rates (close)
New York	June 23	June 23
Montreal	92.3940-0.010	92.3940-0.010
Amsterdam	5.22-28f	5.22-28f
Brussels	76.90-77.30f	76.90-77.30f
Copenhagen	14.75-51f	14.75-51f
Helsinki	14.75-51f	14.75-51f
Frankfurt	4.70-73f	4.70-73f
Globoin	126.75-128.50f	126.75-128.50f
London	16.75-18.50p	16.75-18.50p
Milan	2365-56f	2365-56f
Oslo	11.75-83f	11.75-83f
Paris	11.28-80f	11.28-80f
Stockholm	14.75-51f	14.75-51f
Tablin	44-47f	44-47f
Vienna	33.15-35f	33.15-35f
Zurich	4.05-10f	4.05-10f

Effective exchange rate compared to 1971

Other Markets

Australia	1.7330-1.7480
Bahrain	0.7530-0.7580
Finland	8.8330-8.8330
Greece	414.50-116.50
Hongkong	10.9930-11.0330
Iran	Not available
Kuwait	0.6590-0.6590
Malaysia	4.8115-4.6415
Mexico	48.10-49.00
New Zealand	2.3065-2.3365
Saudi Arabia	6.8118-6.8615
Singapore	4.2470-4.2720
South Africa	1.1270-1.1420

Indices

	Bank of England Index	Morgan Guaranty Changes
Sterling	96.1	-22.8
US dollar	307.6	+1.4
Canadian dollar	87.7	-17.3
Schilling	112.0	+21.0
Belgian franc	105.7	+9.1
Danish kroner	86.5	-11.6
Deutsche mark	117.2	+38.8
Swiss franc	137.3	+83.1
Guilder	309.0	+1.1
French franc	82.0	-12.5

Dollar Spot

Rates

• Ireland	1.5510-1
• Canada	1.1993-1
Netherlands	2.6760-2
Belgium	38.54
Denmark	7.3850-7
West Germany	2.3565-2
Portugal	82.40
Spain	93.75
Italy	1175
Norway	5.9950-5

Money Market

Rates

Bank of England MLR 12%
(Last changed 10/3/81)
Clearing Banks Base Rate 12%
Discount Mkt Loans 4%
Overnight: High 11% Low 8%
Week Fixed: 11% - 11

US commodities

SILVER futures erased gains of almost 30 cents to close unchanged amid disappointment at the failure of the giant banks to join Marine Midland's bid to buy the metal. Bears are reducing the broker loan rate to 20 per cent. **June**, 1017.00c; **July**, 1018.00c; **1020.00c**; **Aug.**, 1033.60c; **Sep.**, 1047.00c; **1051.00c**; **Dec.**, 1099.00c; **1092.00c**. **Jan.**, 1103.30c; **March**, 1130.00c; **May**, 1166.00c; **1168.00c**; **Sep.**, 1209.30c; **Dec.**, 1249.10c; **Jan.**, 1262.40c; **March**, 1288.90c.

GOLD futures were: **CHICAGO** **IMM.**, **July**, \$535.70; **Sep.**, \$547.80; **1985**, \$553.90; **1986**, \$565.00; **Jan.**, \$572.20; **May**, \$584.60; **April**, \$580.80; **June**,

Lira	57.7	-85.7	Sw
Yen	144.0	+38.3	Ja
			Al
			Sw

Based on trade weighted changes

EMS Currency Re

Sweden	5.0080-5
Japan	221.60-2
Austria	16.62-1
Switzerland	2.0722-2

* Ireland quoted in US currency
+Canada \$1 : US \$0.83420

Buying		Selling	
2 months	12	2 months	12
3 months	11 1/4	3 months	11 1/4

Prime Bank Bills (Dis ⁺)		Trades (Dis ⁺)	
2 months	11 ¹ / ₂ -11 ³ / ₄	3 months	13 ¹ / ₂
3 months	12-11 ³ / ₄	4 months	12 ³ / ₄
4 months	12 ³ / ₄	6 months	12 ³ / ₄
6 months	12-11 ³ / ₄		

Local Authority Bonds	
1 month	13-12 ³ / ₄
2 months	13 ¹ / ₂ -13
7 months	13 ¹ / ₂ -13
8 months	13 ¹ / ₂ -13

Belgian franc	40.7985	41.4018	+1
Danish krone	7.91917	7.94679	+0
German D-mark	2.54502	2.53023	-0

French franc	5.99636	6.06816	+1%
Dutch guilder	2.81318	2.81393	+0%
Irish punt	0.685145	0.692214	+1%
Italian lira	1262.92	1260.29	-0%

† changes are for the ECU therefore currency.
 * adjusted for sterling's weight in the divergence limits.
 Adjustment calculated by The Times.

+1.48	+1.53	1.53
+0.35	+0.40	1.64
-0.58	-0.53	1.14

+1.22	+1.27	1.38
+0.03	+0.08	1.51
+1.03	+1.08	1.66
-0.21	-0.16	4.11

For positive, change denotes the ECU, and for the lira's value.

4 months	13-13	10 months	13-13
5 months	13-13	11 months	13-13
6 months	13-13	12 months	13-13

Secondary Mkt. & CD Rates (%)	
1 month 1 1/4-1 1/2	6 months 1 1/4-1 1/2
3 months 1 1/4-1 1/2	12 months 1 1/4-1 1/2
Local Authority Market (%)	
2 days 1 1/2	3 months 1 1/2
7 days 1 1/2	6 months 1 1/2
1 month 1 1/4	1 year 1 1/4

(Two-week Market 6 1/2%)

Euro-\$ Deposits

17¹²-18¹²: seven days.
17¹²-18¹²: one month. 18-19¹²: three
months. 17¹²-17¹²: six months.
16¹²-17.

Gold
Gold fixed: am. \$465 1/2 an o

pm. \$486.50 close, \$488.50.
Krugerrand (per coin):
481 (\$239-240.50).
Sovereigns (new): \$
117.50 (£58.25-58.75).

Overnight	Open 11-11	Close 4
1 week	11-11	6 months
1 month	11-11	9 months
3 months	12-12	12 months

First Class Finance Houses (Mkt. Rate%)
3 months 13½ 6 months 13½
Finance House Base Rate 13½%

Authorized Units, Insurance & Offshore Funds

[illegible]

FNFC begins to show signs of recovery

By Richard Allen

The First National Finance Corporation's long struggle to get back on its feet received a slight boost in the six months to April 30.

Pretax profits jumped to £7.68m from £2.5m in the previous interim period after charging all interest including the sum of £9.25m on income, deferred and subordinated loans.

The interim total is slightly ahead of FNFC's total profits for last year, but the group's balance sheet at the interim stage shows that the shareholders' deficiency has shrunk from £29m to £21.4m.

In the stock market, where interest is largely confined to hopes of a takeover move by a group interested in FNFC's second mortgage business, the ordinary shares advanced 1p to 34p.

Stock markets

Gilts advance again as equities languish

The promise of lower interest rates in the United States focused what little interest there was in the market on day.

Government securities yesterday saw a small persistent buying in a thin market had prices up by 4 1/2m on thanks largely to suggestions from Washington of lower interest rates before long.

The rally saw prices extend their gain by up to 1 1/2m around midday, but further evidence that the Federal Reserve was continuing to drain the money market produced some profit taking.

By the close longs were registering gains of up to 1 1/2m with similar improvements also seen in shorts.

Equities, on the other hand, attracted little attention with the lure of summer holidays and Wimbledon proving too much for many investors.

Oils were notable for first time dealings in BP's new shares after last week's £600m rights issue. Dealers reported moderate activity, but emphasised that the new 22 1/2m shares, now dealt in under three classes, would take some time to clear.

Electricals continued to attract support ahead of several large trading sessions, the first of which is expected later today when Racal and Ferranti report. Banks also surged ahead under the lead of Lloyds, 15p higher at 395p, after 397p, amid suggestions of a merger with Midland or possible down raid from the US or Far East.

In the meantime, the quiet conditions witnessed in the rest of the market were reflected in the FT index, which, having opened at 2,545, closed only 0.2 higher at 2,545.5.

Leading industrial closed generally lower on the day, stilled by the apparent lack of interest. ICI lost 2p to 284p.

Beecham 1p to 218p, Glaxo 2p to 364p, Unilever 4p to 576p, Fisons 2p to 145p, Grand Metropolitan 2p to 216p, British Aerospace 1p to 222p and Hercules Siddeley 2p to 326p. Only Blue Circle managed to resist the trend, closing 4p dearer at 480p.

The latest recruit to the USM, Zyl Dynamics, made a promising start, opening 5p above the placing price of 89p before closing at 90p for a premium of 1p.

But the banking sector enjoyed most of the early interest as professional buying pushed prices steadily higher amid hopes of an epidemic of transatlantic bids.

Barclays rose 8p to 433p, Midland 5p to 333p and National Westminster 8p to 386p. Still awaiting the Monopolies Commission reference, Standard Chartered hardened 5p to 654p with Hongkong and Shanghai on 153p and Royal Bank of Scotland on 184p both holding steady. But the view in the market remained sceptical last night with most observers doubting any further bids for United Kingdom banks until the Monopolies Commission reports.

Electricals opened in a burst of activity ahead of numerous trading sessions this week, although with jobbers playing a defensive game most prices closed below their best. GEC slipped 3p to 703p and Plessey 2p to 328p but Ferranti, reporting today, put on 10p to 525p. Racal closed 2p lower at 374p.

The view is quickly gaining ground that it is wrong to sell the shares in Arbuthnot Latham, now 320p, up a further 5p yesterday, and well clear of the 1981 low of 234p. A proposition from North America, it is suggested, is only weeks away. Shareholders include London Trust, Philadelphia National Bank, ICF and Mr Graham Ferguson Lacey.

A bid of 40p a share from the Atab Asian Bank saw United City Merchants return from suspension 8p higher at 27p, after 29p. Speculative attention lifted Rothmans International 'B' 3p to 68p, H I Quick 3p to 55p and Atkins Bros 4p to 51p. Profit taking wiped 6p from Tern Consultancy.

At 56p with Westland drifting another 5p lower at 120p as fading bid hopes left Camrex 2p lower at 42p. Hawley improved 3p to 84p after selling its 21 per cent stake in Pritchard Services, down 1p to 163p.

Silentnight was a bright feature, climbing 12p to 90p after the annual meeting, while in foods J. Sainsbury was 8p stronger at 407p.

Improved trading news lifted Mansfield Brewery 14p to 234p, R. Paterson 3p to 65p, and Evans of Leeds 4p to 160p. Hambros managed a 5p improvement to 940p after figures were maintained dividend lifting Tecalemit 3p to 56p. Reduced losses provided Barget with a 10p increase at 185p, but disappointing news clipped 4p from Arthur Lee at 124p and 3p from Charter Consolidated at 238p. GEI International reverted to unchanged at 78p, after 76p, after reporting halved profits.

Oils put up a relatively steady performance but most of the attention was focused on BP in ex rights form. The ordinary shares ended the day at 312p with the new shares at 41p premium, after 44p, and the BMG new 26p premium, after 31p. Elsewhere prices closed generally lower on the day with turnover described as low. Shell eased 4p to 344p, Ultramar 2p to 448p, Lasso 5p to 554p, Tricentral 4p to 250p and Burmah 1p to 133p.

Among second line Berkeley Exploration was a notable exception, up 7p to 343p.

Equity turnover on June 22, was £89.74m (13,045 bargains). Active stocks yesterday, according to the Exchange Telegraph, were Global Nat Res, Pritchard Services, Silentnight, Charter Com, Barget, Racal and Thomas Tilling.

Traded options: Dealers reported another quiet session with only 1,136 contracts recorded. BP on going ex rights attracted most attention with 209 calls and 12 put options. Traditional options saw calls made in Toner Kemsley on 74p and Tern Consultancy on 7p.

Briefly

Hakma profit down

Taxable profit of Hakma, a safety and specialised engineering equipment maker, dipped from £1.44m to £1.27m in the year to March 28. Turnover rose from £12.5m to £14.1m. The gross dividend is 2.3p against 1.9p a scrip issue of one-for-three is proposed.

Barget hopes to pay dividend

Furniture maker Barget reduced its losses to £488,000 in the 15 months to December 30 compared with £857,000 for the previous year. There was again no dividend.

However, the board does hope to pay a dividend in 1981. It also intends to issue soon financial statements showing the turnaround in the group's affairs.

Novas (Jersey) Knit: Total gross dividend for year to March 31, 6.4p (5p). Group turnover £6.8m (£6.7m). Pretax profit £630,000 (£518,000). EPS 19.15p (£12.22p). CCA pretax profit £354,000.

Saracota Text Holdings: Turnover year to December 31, £1.1m (£920,000). Pretax profit £96,550 (£83,850). EPS 8.6p (£8.1p). Interim 8.6p gross (7.1p gross). No further dividend for year. Scrip issue one for one.

W. Williams & Sons (Holdings) has disposed of its subsidiary, Rhiwina Properties (Proprietary), to Hart Limited of Durban, South Africa, for £311,111 (about £206,000) in cash.

Bankers Investment Trust proposes to run its next accounting period for 18 months to October 31, 1982. No further dividend, will suffer no reduction, or deferral of income as a result.

Silentnight Holdings has continued the marked improvement in performance evidenced in the second half of last year, despite a somewhat depressing general trade picture. Management accounts for first six months of the trading year indicate record levels of both profits and productivity.

Yearling bonds: Coupon on this week's issue of local authority yearling bonds was unchanged from last week at 13 1/2 per cent. E. Austin and Sons (London): Turnover for year to March 31, £2.72m (£2.5m). Pretax profit £83,000 (£51,000). EPS 1.49p (10.30p adj). Dividend 1.31p net (13.1p adjusted).

Moorgate and Mercantile Holdings: Turnover for year to March 31, £27.7m (£27.7m). Pretax profit £405,000 (£400,000). Dividend 0.90p net (0.75p). EPS 2.04p (2.53p adj). CCA pretax profit £171,000.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crds	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSE	12%
Williams and Glyn's	12%

* 7 day deposit on basis of £10,000 and under 9% over £50,000 10%.

M. J. H. Nightingale & Co. Limited

27728 Lovat Lane London EC3R 9EB Telephone 01-621 1212
The Over-the-Counter Market

Page	Row	Company	Price	Ch'ge	Div(P)	Y	Actual	Yld
	76	39 Airsprung Group	68	-	4.7	6.9	10.8	14.9
	52	21 Armintage & Rhodes	47	-	1.4	3.0	19.3	44.8
	200	92 Bardon Hill	200	-	9.7	4.9	7.5	12.3
	104	88 Deborah Services	101	-	5.5	5.4	5.0	9.5
	126	88 Frank Horrell	103	-	6.4	6.2	3.2	5.9
	110	39 Frederick Parker	63	-	1.7	2.7	2.4	-
	110	64 George Blair	64	-	3.1	4.8	-	-
	110	59 Jackson Group	109	+1	7.0	6.4	3.4	7.7
	130	103 James Burroughs	130	-	8.7	6.7	10.7	10.7
	334	244 Robert Jenking	314	-	31.3	10.0	-	-
	55	50 Scruttons "A"	55	-	5.3	9.6	8.5	7.9
	224	196 Torday Limited	198	-	35.1	7.6	7.6	13.1
	25	8 Twinlock Ord	144	-	-	-	-	-
	30	68 Twinlock 15% ULS	79	-	15.0	19.0	-	-
	55	35 Unilock Holdings	40	-	3.0	7.5	6.2	9.8
	108	81 Walter Alexander	103	-	5.7	5.5	5.7	9.1
	263	161 W. S. Yeates	252	-	13.1	5.2	4.8	9.7

Hawley sells stake in Pritchard for £9.9m

By Catherine Gunn

Hawley Leisure, now part of the enlarged Hawley Group, yesterday sold its 21 per cent stake in cleaning group Pritchard Services for £9.9m. The stake was built up last year with the original intention of bidding for the rest of Pritchard Services, but it fuelled a steep rise in the share price which



Mr Michael Ashcroft, executive chairman of Hawley Group

put the group out of Hawley's reach, Mr Tony Millar, deputy chairman, said yesterday.

Last night Pritchard was capitalised at £48.8m, against Hawley's £32.1m. The Hawley group was formed by the merger last month of Hawley Leisure and Provincial. Mr Michael Ashcroft is the executive chairman of the merged group.

Hawley claims to have made a £5.5m profit on the Pritchard stake, which has been used to wipe out the group's borrowings for the time being and will later go into acquisitions, possibly in the United States where Hawley is keen to expand. Its borrowing facilities now total £18m.

Pritchard Services welcomed the news that the Hawley stake has now been sold and split up. Hawley sold the entire stake to Pritchard's merchant bank, Morgan Grenfell, at 150p, a share. Clients of Morgan Grenfell took more than 2 per cent of Pritchard's shares, and the bulk of the stake was placed with between 30 and 40 institutions by Rowe & Pitman yesterday morning, at just over 150p. The market price of the shares dipped only 1p to 163p. Hawley's own shares rose 3p to 84p.

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Brown Shipley

Extracts from the annual statement by Lord Farnham, chairman of Brown Shipley Holdings Limited, for the year ended 31st March 1981.

Results for the Year

The profit of the group for the year ended 31st March 1981, after providing for taxation and a transfer to the inner reserve of the bank, amounted to £1,540,069 compared with £1,792,268 in 1980. Realised capital profits in the banking group of £1,079,958 and a surplus on revaluation of group premises of £3,612,541 were the main factors in an increase of the reserves of the group from £14,544,433 to £25,058,639. A capitalisation issue of one new share for each share now held is proposed.

Our banking group, facing the many well-known aspects of the recession including strong competition for the business available, showed a sharp decline in profit. Our insurance group produced a timely and welcome increase in profit which limited the decline in the combined result.

As indicated, a final dividend of 7.5p per share is recommended, bringing the total to 13p per share, the same as last year.

Banking Group

Loans, advances and acceptances were increased, and growth in assets held for leasing was resumed. Interest margins, however, were and remain under considerable pressure. The effects of the recession, both here and overseas, have brought difficulties to some of our customers and this is reflected in the disclosed banking profit.

The greater part of realised capital profits derived from a reduction in our holding of Property Security Investment Trust Limited from 10.1 per cent to 7.64 per cent.

Insurance Group

The profit was significantly higher than last year and was achieved in the face of a strong rise in the value of sterling against the US dollar. Our overseas subsidiaries continue to produce about half our profit and Glenval Holdings Limited made a notable increase in its contribution for this year.

Medens Trust

On 16th May 1981, we announced an agreed £3.76 million cash offer for this well established hire purchase company. It has an active business throughout the South East and an excellent record of growth under prudent management. A profit before taxation of not less than £700,000 is forecast for the year ending 30th June 1981. Net assets as at 31st December 1980 amounted to £2.98 million. This would be an important expansion for our banking group and a useful complement to its activities in leasing and factoring.

The Future

The new strength of the US dollar will underline the importance to our insurance group of the brokerage earned from overseas markets and of the profits earned by subsidiaries abroad. This will do much to offset the continuing effects of recession on domestic broking activities and of inflation on their costs.

The hoped for stability in money markets seems as far off as ever, but although conditions are likely to remain very competitive for our banking group, useful business is being found both in traditional and in new areas of activity. We expect leasing and factoring to continue their growth and look forward to an important contribution from Medens Trust.

Year ended 31st March	1981	1980
	£000	£000
Profit after taxation before extraordinary items	1,540	1,792
Comprising—		
Banking group	859	1,250
Insurance group	1,269	966
Parent company	73	127
	1,942	1,093
Less tax	661	551
	1,281	542
Realised capital profits	1,080	234
Surplus on revaluation of premises	8,613	-
Shareholders' funds	30,727	20,170

The full annual report and accounts and chairman's statement may be obtained from the secretary.

Brown Shipley Holdings Limited
Founders Court, Lothbury, London EC2R 7HE

Tecalemit slumps to £2.5m

Engineering and lubricants group Tecalemit yesterday reported pretax profits for the year to March 31, of £2.47m, nearly half the previous year's profit. But dividends have been maintained, after adjusting for last August's scrip issue, at 2.98p gross. The shares rose 3p to 56p yesterday.

Trading profits fell from £5.11m to £2.77m on sales of £30.4m, down from £54.5m. Interest costs were lower at £306,000, against £339,000. Total sales volume fell by one fifth during the year, Mr. Clive de Paula, the chairman, said, although group exports rose by 28 per cent. At home, there are some indications of an improvement in trading conditions.

Tecalemit has reviewed its products and marketing and is aiming at more sophisticated areas of engineering and services and is expanding its electronics side, Mr. de Paula said. Redundancy and related costs for the year totalled £266,000, shown as an extraordinary item.

Arthur Lee interim loss tops £2.6m

Losses are increasing at Sheffield-based steel wire and rope maker Arthur Lee & Sons but the board reports small signs of an improvement. The group turned a taxable profit of £1.5m into a loss of £2.6m for the year to September 1980 and passed the final dividend. But for the six months to March 1981 it has lost a further £2.65m before tax compared with profits of £637,000.

The interim dividend is passed against a payment of 0.62p gross. The shares slipped 4p to 123p. Sales fell by £14.5m to £23.9m.

Mr Peter Lee, chairman, said yesterday: "There are grounds for believing that the rate of loss-making is now diminishing significantly."

Weak demand and fierce competition in the United Kingdom and overseas led to reduced volume sales and severe pressure on prices.

The group now sees a small improvement in order intake, a result of the slowdown in the rate of stockpiling by customers rather than increased levels of activity. Significant change, however, is not expected before the end of this year.

US deal for International Paint

International Paint, a wholly owned subsidiary of Cambridge-based International Paint, has been introduced to the London stock market by Morgan Grenfell and Laurence, Prust and dealings in the shares start today. In New York the shares trade at around \$19, equal to 975p.

The reasons for the London listing are that 14 per cent of ICA's shares are held by European investors and ICA is also considering raising finance in the Eurodollar market. ICA's main subsidiary is Elswick-Hopper.

Elswick-Hopper budgeted its turnover up from £22m to £22.5m in the year to January 31, but trading profits were virtually halved. Pretax profits fell from £1.3m to £671,000. The

Norwest Holst returns to profit

Norwest Holst, the civil engineering and construction group, has returned to profits despite the dramatic reduction in national construction work last year.

Pretax profits for the year to March 1981 were £2.02m, compared with losses last year of £1.68m. Trading profits dipped to £3.75m against £4.07m last time. But the previous year saw an exceptional loss of £5.93m from the group's Marshall Andrew Holdings subsidiary.

Andrew Marshall has again turned a profit of £1.3m, taken as an exceptional item, and has now been partly run down and included in the main group. The total exceptional loss this time

is £1.7m, including redundancy costs covering 200 staff. Sales increased marginally to £181.8m against £177.5m last time. The shares gained 3p to 86p.

Mr Ian Scarborough, managing director, said yesterday that results were satisfactory considering the year's difficult trading.

The group, he said, had been selective in choosing orders because of the sharp fall in construction work which put pressure on trading margins. Order books for this year stand at £120m, slightly ahead of last year's figure.

All four divisions—civil engineering, construction,

housebuilding and general civil building—suffered from depressed demand. The housebuilding division completed 300 units in the North West and north of London and a similar number are expected this year.

Mr Scarborough said: "We are looking for consolidation rather than expansion at the moment and this year will be difficult again."

Over the year Norwest has reduced borrowings to just under £1m from £2m. An extraordinary credit from the disposal of activities leaves attributable profits at £2.52m compared with an attributable loss last time of £2m.

UDS expects recovery

Profits for the first quarter at UDS Group show an increase on the corresponding period last year, Mr Bernard Lyons, the chairman, told the annual meeting yesterday in London.

Mr Lyons (pictured) said: "Although current trading is anything but easy, profit for the second quarter should show an improvement. The result for the full year depends on the level of sales achieved in the second half, he added.

He was reluctant to make a forecast but said that the board expected a measure of profit recovery for the full year.

In the 52 weeks to January 31 turnover rose from £445.1m to £448.6m while pretax profit fell from £2.4m to £1.2m.

UDS sells a wide variety of goods, ranging from clothes and furniture to household products. It is one of the world's largest duty-free operators on ships and in airports.

Profits halved at GEI

By Michael Clark

GEI International, the Bedfordshire-based engineering group, saw pretax profits halved to £3.5m and turnover reduced from £15.5m to £5.52m in the year to March 31.

Mr Thomas Kenny, chairman, laid the blame for the setback on the severe recession in the engineering industry. But he insisted that the company was better shaped than it had ever been.

Looking at the present year, Mr Kenny sees little sign of encouragement. He described prospects as unexciting, although there was a chance of an improvement in the second half, traditionally the group's stronger period.

News of the profits setback

Debut for United Computer

A new investment trust, United Computer and Technology Holdings, was launched yesterday to provide investors with a way into the high-risk field of computer technology.

United Computer starts dealing on the Stock Exchange on June 30 and is raising £2.5m by an offer for subscription. The issue is for 2 million 50p ordinary shares at £1 to the shareholders of United Securities (Holdings) Limited (ASH) and Rights and Issues Investment Trust for subscription with warrants attached to subscribe for one ordinary share for every 15 allotted at £1 in 1982 to 1986. Some 312,000 are to the stock market, 100,000 shares to Rights and Issues at £1 and 87,996 to ASH at £1.

The group was incorporated in 1981 and has not yet started business, but it intends to invest in companies engaged in computer and specialist technology. The proceeds of the issue to ASH and Rights and Issues will be invested in gilt-edged securities and equities generally while the group builds up its portfolio.

Mr John Robertshaw, a director, also director of Rights and Issues, Koden International, and Energy Finance and General Trust, and chairman of United Scientific Holdings, said there was a definite need for investment of this sort: "This is a high-risk area but there is a desperate need for investment. At the moment we estimate investments up to about £100,000 in small companies," he said.

United, whose chairman is Mr Tom Buffett, also chairman of ASH, will ensure that no more than 60 per cent of the group's assets will be in unlisted

AND MOSES SAID Would God that the LORD would open the eyes of the LORD... Numbers 11:29.

BIRTHS

BOOTHMAN—On June 20th, May in Toronto, Canada, to Wendy and Richard, a son, James. Parents: John and Sarah. (Mrs. Boothman).

DEAN—On June 19th in New York, a son, James. Parents: John and Sarah. (Mrs. Dean).

GRATTAN—On June 22nd, a son, James. Parents: John and Sarah. (Mrs. Grattan).

GREENWOOD—On June 17th, a son, James. Parents: John and Sarah. (Mrs. Greenwood).

MORAN—On June 19th, a son, James. Parents: John and Sarah. (Mrs. Moran).

MURPHY—On June 17th, a son, James. Parents: John and Sarah. (Mrs. Murphy).

WATSON—On June 17th, a son, James. Parents: John and Sarah. (Mrs. Watson).

BIRTHDAYS

PROBY—On June 24th, a son, James. Parents: John and Sarah. (Mrs. Proby).

WHITFIELD—On June 24th, a son, James. Parents: John and Sarah. (Mrs. Whitfield).

MARRIAGES

SCOTT—On June 24th, a son, James. Parents: John and Sarah. (Mrs. Scott).

WATSON—On June 24th, a son, James. Parents: John and Sarah. (Mrs. Watson).

DEATHS

ARKELL—On June 22, 1981, Sir... (Mrs. Arkell).

CONLEY—On June 22, 1981, Sir... (Mrs. Conley).

GILBERT—On June 22, 1981, Sir... (Mrs. Gilbert).

JACKSON—On June 22, 1981, Sir... (Mrs. Jackson).

KRAMER—On June 22, 1981, Sir... (Mrs. Kramer).

LANE—On June 22, 1981, Sir... (Mrs. Lane).

MILL—On June 22, 1981, Sir... (Mrs. Mill).

NO—On June 22, 1981, Sir... (Mrs. No).

WATSON—On June 22, 1981, Sir... (Mrs. Watson).

DEATHS

BRADLEY—On June 22, 1981, Sir... (Mrs. Bradley).

CAMERON—On June 22, 1981, Sir... (Mrs. Cameron).

GALLAGHER—On June 22, 1981, Sir... (Mrs. Gallagher).

NO—On June 22, 1981, Sir... (Mrs. No).

WATSON—On June 22, 1981, Sir... (Mrs. Watson).

DEATHS

SOHMERVILLE—On June 22nd, a son, James. Parents: John and Sarah. (Mrs. Sohmerville).

THOMAS—On June 22nd, a son, James. Parents: John and Sarah. (Mrs. Thomas).

VAN ROOY—On June 22nd, a son, James. Parents: John and Sarah. (Mrs. Van Rooy).

WATSON—On June 22nd, a son, James. Parents: John and Sarah. (Mrs. Watson).

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CLUB ANNOUNCEMENTS

PINSTRIP CLUB
An intimate, multi-venue... (Pinstrip Club).

ROYAL ROYAL SEASIDE CLUB
A club for the... (Royal Royal Seaside Club).

CLUB ANNOUNCEMENTS

WINE AND DINE
A club for the... (Wine and Dine).

YACHTS AND BOATS
A club for the... (Yachts and Boats).

CLUB ANNOUNCEMENTS

SPORT AND RECREATION
A club for the... (Sport and Recreation).

GOLF
A club for the... (Golf).

CLUB ANNOUNCEMENTS

MEMORIALS
A club for the... (Memorials).

ANNOUNCEMENTS
A club for the... (Announcements).

CLUB ANNOUNCEMENTS

THE RED CROSS
A club for the... (The Red Cross).

UK HOLIDAYS
A club for the... (UK Holidays).

CLUB ANNOUNCEMENTS

NATIONAL CHILDREN'S HOME
A club for the... (National Children's Home).

WE'RE WORLD LEADERS
A club for the... (We're World Leaders).

CLUB ANNOUNCEMENTS

RAISING THE BANNER
A club for the... (Raising the Banner).

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A club for the... (Raising the Banner).

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PERSONAL COLUMNS

SHORT LETS
A club for the... (Short Lets).

HOLIDAYS & VILLAS
A club for the... (Holidays & Villas).

PERSONAL COLUMNS

EUROPEAN ECONOMY
A club for the... (European Economy).

FLIGHT BARGAINS
A club for the... (Flight Bargains).

PERSONAL COLUMNS

VENTURA HOLIDAYS
A club for the... (Ventura Holidays).

A FARE BARGAIN
A club for the... (A Fare Bargain).

PERSONAL COLUMNS

UK HOLIDAYS
A club for the... (UK Holidays).

ALICANTE SALE
A club for the... (Alicante Sale).

PERSONAL COLUMNS

LOWEST PRICES FROM
A club for the... (Lowest Prices From).

CORFU
A club for the... (Corfu).

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Broadcasting Guide

Edited by Peter Davale

TELEVISION

BBC 1

6.40 Open University: Family Therapy; 7.05 Limestone Deposition; 7.30 BART-4: Manufacturing; 10.12 For Schools, Colleges: Words and Pictures; 11.02 Science: Water (2); 11.25 You and Me: For the very young; 11.40 For Schools, Colleges: Religious and Moral Education. Is the Earth being over-exploited? 12.00 Cricket: Coverage of one of the day's quarter-final matches in the Benson and Hedges Cup. Highlights on BBC 1 tonight at 11.45. Further coverage on BBC 2 at 11.25 am and 2.40. Interval at 1.25. 1.30 How Do You Do? Rhymes and counting games. 1.45 News. 1.55 Wimbledon 81: Third day's play. The important matches on Centre Court and Court No 1.

BBC 2

6.40 Open University: Ring of Steel; 7.05 Haydn; 7.30 Visual Music; 10.20 Gharbar: Magazine for Asian women viewers. Sewing, cooking, music and general advice and information. Close-down at 10.45. 11.00 Play School: Same as BBC 1, 4.20 (Splotches). 11.25 Cricket: Live coverage of one of the quarter-finals in a Benson and Hedges Cup match. There are a number of test-side. More at 2.40. Close-down at 12.00. 2.01 For Schools, Colleges: The

Further coverage on BBC 1 at 6.20. There is live coverage on BBC 2 at 2.40, with highlights tonight at 10.15. 4.20 Play School: Malcolm Currie's story Splotches; 4.45 The Song and the Story: Isla St Clair with songs and stories of farmworkers, ploughmen, fishermen, and herring girls from more than 100 years ago. 5.10 John Craven's Newsround. 5.15 Think of a Number: Science, technology and numbers. Today: Johnny Ball's theme is wheels. 5.40 News with Peter Woods; 5.55 Regional news magazines. 6.00 Wimbledon 81: More live coverage. Introduced by Harry Carpenter. 7.25 Speed King: A second showing of Roger Miller's play about Sir Malcolm Campbell. It's the story of his 1935 attempt to break the land speed record in Utah. Robert

Hardy plays Campbell, Jennifer Hilary his wife (r). 9.00 A Party Political Broadcast: By the Labour Party. Also on BBC 2 at 10.50, and on ITV at 10.30. 9.10 News with Richard Baker. 9.35 International Athletics: The British Heat Games, from Crystal Palace - Great Britain versus West Germany versus Poland. The highlights include the Men's 1500m and the 400m Hurdles, and the Pole Vault and Men's High Jump. 10.15 Connect: Part two of Carl Sagan's Personal Voyage through space and time. He is convinced that there is extraterrestrial life and explains his beliefs. 11.05 Paperbacks: Two themes tonight - the power of multinational and the threat of nuclear war. Terry Jones talks to Charles Levinson (he wrote Vodka-Cola). E. P. Thompson

talks about his new books Protest and Survive, and Writing by Candlelight, and Robert Neid discusses his book How to Make Up Your Mind about the Bomb. 11.45 News headlines: 11.45 Cricket: Highlights from today's play in the Benson and Hedges Cup. Introduced by Peter Walker. 12.10 Weather forecast.

Regions

BBC 1 VARIATIONS: BBC 1 (W) 6.25-7.15: 7.15-7.30: 7.30-7.45: 7.45-8.00: 8.00-8.15: 8.15-8.30: 8.30-8.45: 8.45-9.00: 9.00-9.15: 9.15-9.30: 9.30-9.45: 9.45-10.00: 10.00-10.15: 10.15-10.30: 10.30-10.45: 10.45-11.00: 11.00-11.15: 11.15-11.30: 11.30-11.45: 11.45-12.00: 12.00-12.15: 12.15-12.30: 12.30-12.45: 12.45-1.00: 1.00-1.15: 1.15-1.30: 1.30-1.45: 1.45-1.60: 1.60-1.75: 1.75-1.90: 1.90-2.05: 2.05-2.20: 2.20-2.35: 2.35-2.50: 2.50-2.65: 2.65-2.80: 2.80-2.95: 2.95-3.10: 3.10-3.25: 3.25-3.40: 3.40-3.55: 3.55-3.70: 3.70-3.85: 3.85-4.00: 4.00-4.15: 4.15-4.30: 4.30-4.45: 4.45-4.60: 4.60-4.75: 4.75-4.90: 4.90-5.05: 5.05-5.20: 5.20-5.35: 5.35-5.50: 5.50-5.65: 5.65-5.80: 5.80-5.95: 5.95-6.10: 6.10-6.25: 6.25-6.40: 6.40-6.55: 6.55-7.10: 7.10-7.25: 7.25-7.40: 7.40-7.55: 7.55-7.70: 7.70-7.85: 7.85-8.00: 8.00-8.15: 8.15-8.30: 8.30-8.45: 8.45-8.60: 8.60-8.75: 8.75-8.90: 8.90-9.05: 9.05-9.20: 9.20-9.35: 9.35-9.50: 9.50-10.05: 10.05-10.20: 10.20-10.35: 10.35-10.50: 10.50-11.05: 11.05-11.20: 11.20-11.35: 11.35-11.50: 11.50-12.05: 12.05-12.20: 12.20-12.35: 12.35-12.50: 12.50-1.05: 1.05-1.20: 1.20-1.35: 1.35-1.50: 1.50-1.65: 1.65-1.80: 1.80-1.95: 1.95-2.10: 2.10-2.25: 2.25-2.40: 2.40-2.55: 2.55-2.70: 2.70-2.85: 2.85-3.00: 3.00-3.15: 3.15-3.30: 3.30-3.45: 3.45-3.60: 3.60-3.75: 3.75-3.90: 3.90-4.05: 4.05-4.20: 4.20-4.35: 4.35-4.50: 4.50-4.65: 4.65-4.80: 4.80-4.95: 4.95-5.10: 5.10-5.25: 5.25-5.40: 5.40-5.55: 5.55-5.70: 5.70-5.85: 5.85-6.00: 6.00-6.15: 6.15-6.30: 6.30-6.45: 6.45-6.60: 6.60-6.75: 6.75-6.90: 6.90-7.05: 7.05-7.20: 7.20-7.35: 7.35-7.50: 7.50-7.65: 7.65-7.80: 7.80-7.95: 7.95-8.10: 8.10-8.25: 8.25-8.40: 8.40-8.55: 8.55-8.70: 8.70-8.85: 8.85-9.00: 9.00-9.15: 9.15-9.30: 9.30-9.45: 9.45-9.60: 9.60-9.75: 9.75-9.90: 9.90-10.05: 10.05-10.20: 10.20-10.35: 10.35-10.50: 10.50-11.05: 11.05-11.20: 11.20-11.35: 11.35-11.50: 11.50-12.05: 12.05-12.20: 12.20-12.35: 12.35-12.50: 12.50-1.05: 1.05-1.20: 1.20-1.35: 1.35-1.50: 1.50-1.65: 1.65-1.80: 1.80-1.95: 1.95-2.10: 2.10-2.25: 2.25-2.40: 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